

FINANCIAL TIMES

THE UNIVERSITY OF TORONTO
SERIALS
DIVISION

Weekend
FT
Section 2

The secret
cabal which
runs Europe
Page I

Philadelphia:
an orchestra
regenerated
Page XII

The
decolonisation
man
Page XX

Long dark
night in
Norway
Page VI

World Business Newspaper

WEEKEND MARCH 11/MARCH 12 1995

D8523A

Russia-US talks may bring progress on enlarging Nato

Russia will hold high-level talks with the US later this month, and Nato officials said the meeting could signal a breakthrough over the issue of enlarging the alliance. Andrei Kozyrev, Russian foreign minister, will meet Warren Christopher, US secretary of state, in Geneva to discuss bilateral issues, regional conflicts and European security, the Russian government said. Nato officials said there were signs that Moscow might now accept the expansion of alliance under certain conditions.

Dow surges on US employment figures

Shares in New York surged in early trading yesterday, on the back of February's US employment data. While the unemployment rate dropped from 5.7 per cent to 5.4 per cent, the underlying components of the data, such as unchanged average hourly wages, were seen as indicating that the Federal Reserve would not raise interest rates in the short term. By 2pm New York time, the Dow Jones Industrial Average had jumped 55.88 to 4,039.07, having triggered market restrictions on programme trading. World stocks, Page 17

Alcatel boss under investigation Pierre Sturd, chairman of Alcatel-Alsthom, one of France's biggest industrial groups, was formally put under investigation in a probe into alleged over-billing of France Telecom.

South Africa scraps two-tier currency South Africa's controversial two-tier currency system, designed to prevent large-scale capital outflows, was scrapped and replaced with a single, free floating rand. Page 22

New energy in Middle East talks Warren Christopher, US secretary of state, said there was a "new burst of energy" in the Middle East peace process. His remarks came after a flurry of intensive US-Arab-Israeli diplomacy and reflect fresh optimism about progress in Israeli-Palestinian and Israeli-Syrian peace talks. Page 3

Currencies skirmish: unsettling Footsie The Footsie Index has fallen by a net four points this week, largely up by the continued skirmishing in the currency markets. Equities were helped yesterday by firms in British government bonds where gains ranged to nearly three-quarters of a point at the long end of the range. Short-dated stocks, more closely linked to views on base rates in the UK, edged higher in narrow trade. The market also responded to a better performance by the US dollar following news of Mexico's austerity programme. Page 19

IMF chief backs Russian loan Michel Camdessus, managing director of the International Monetary Fund, will strongly advise his board to release \$6.5bn of financial assistance to back Russia's economic stabilisation programme. Page 2

Trafalgar allows bid to lapse The first takeover bid for a UK privatised utility appeared to have failed last night when Trafalgar House allowed its £1.2bn (\$1.9bn) offer for Northern Electric to lapse and was refused permission to launch a lower offer. Page 22; *Man in the News*, Page 10; *Electricity generators*, Page 7; *Recs battle*, Page 19

Air France expects to recoup about FF1.1bn (\$202m) from the sale of its stake in Sabena, the Belgian carrier which is close to an alliance with Swissair Page 8

Fine art buyers splash out UK consumers may still be feeling cautious but some international fine art buyers appear to be splashing out. Trades of art and jewellery surged at the end of last year, the UK's Central Statistical Office said. Page 6

Five killed in Austrian court shooting A 64-year-old pensioner killed five people in a court, including the judge, the defence lawyer and the defendant, police said. The gunman then shot himself. The pensioner, who was not immediately identified, had taken a relative to court over an alleged insult, but the court ruled against him.

Companies in this issue

Air France	8	Lyles (S)	8
Albrighton	8	National Power	7
Camel Plus	8	North Sea Assets	6
Carlsberg	8	Northern Electric	22
Chicago & NWT	8	Persons	8
Chieftain	7	PowerGen	7
Chiricahua	7	Ryman	7
Coutts Consulting	8	Searle & Searle	8
Dase	8	Scottish TV	8
Edmond Holdings	7	Serif	7
Exco	7	Sir	7
Expernet	7	SmithKline Beecham	7
FCA Investment	7	Southern Newspapers	7
Forward Technology	8	Sunlight	8
GE Capital Europe	8	Tatrafisher Hotspur	8
GPO	8	Tatrafisher House	22
Golden Rose Comms	8	Union Pacific	8
Independent Newsps	8	Warburg (SG)	7
Industrial Control	8	Whelcome	8
London Jazz Radio	8	Whitemy Mackay-Lewis	8
		Wills	8

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Austria Dr1.20; Bahrain Dr1.25; Bahrain Dr2.00; Belgium Dr7.70; Canada Cdn1.75; Cyprus Cdn1.10; Czech Rep. Czdn1.50; Denmark Drn17.00; Egypt Egs1.00; Estonia Ekr20.00; Finland Fmk15; France Frf10.50; Germany Drm1.80; Greece Dr10; Hong Kong Hkg1.80; Hungary Ft15.10; Iceland Nfk2.00; Italy Lira2000; Japan Yen2000; Jordan Jd1.50; Korea Wom2.00; Kuwait Fik2.00; Lebanon Su1.50; Luxembourg Lfr170; Malaysia Rm1.80; Malta Lm1.50; Dr40; Mexico Mx1.20; Norway Nkr2.00; Oman Omr1.50; Pakistan Rpk2; Philippines Pph5; Poland Dr2.00; Portugal Ptm1.50; Qatar Qsr1.50; Singapore S\$1.50; South Africa R1.20; Spain Pts2.00; Sri Lanka Rps2.00; Sweden Skr17.00; Switzerland Sfr1.20; Taiwan Dr1.50; Turkey Lir12.00; UAE Drm2.00; USA \$1.50

© THE FINANCIAL TIMES LIMITED 1995 No 32,622 Week No 10

London • Paris • Frankfurt • Stockholm • New York • Tokyo

Canada condemned for seizing boat in fishing row

By Bernard Simon in Toronto, David White in Madrid and our Brussels staff

waters off Newfoundland after Canadian ships fired on and then seized the trawler Estal.

European Union ambassadors yesterday condemned Canada's seizure of a Spanish trawler in international waters and instructed the Commission to draw up a list of possible sanctions, including the suspension of diplomatic contacts.

In an increasingly bitter dispute over fish stocks, Spain sent a naval patrol vessel to the

An emergency meeting of EU ambassadors in Brussels demanded the immediate release of the trawler as a Commission official condemned Canada's chosen course of "unilateral aggression". The Commission said the EU was "open to dialogue" but that the list of possible sanctions would be presented to Canada next week if the matter had not been resolved.

It requested an urgent meeting of the North-West Atlantic Fisheries Organisation, which regulates fish quotas in international waters, to avert further escalation of the dispute.

Mr Xoán Caamaño the head of fisheries for the Galicia region in Spain, described the seizure as "an act of war against a sovereign country".

The Canadians have been critical of Spain's attitude to international fishing quotas. But the latest dispute stems from a specific disagreement over a 27,000-tonne quota for Greenland halibut. Canada says it has a right to 80 per

cent of the catch, while the EU says it is 69 per cent.

The quota issue was close to being resolved but tensions have been inflamed by the return of the Spanish vessels to the Grand Banks and the seizure of the Estal. Ottawa has refused to resume talks on the disputed quota until the EU observes the moratorium. "We can't talk while the last fish is being caught," Mr Tobin said yesterday.

His tough line is widely applauded in Canada, especially

in Newfoundland, where about 50,000 jobs have been lost over the past five years.

But Spain demanded compensation for the seizure yesterday. Mr Caamaño said the action was "proof of the intolerance of the authorities of a country which claims to be democratic but which uses force because it does not believe in it, not in international law nor anything like it."

Fish knives out to defend Canada's turbot. Page 2

Brazil brings in emergency support for Real

US hails Mexican resolve over tough austerity measures

By George Graham in Washington and Angus Foster in São Paulo

Senior US officials yesterday threw their support behind Mexico's new economic reform programme as the continuing Latin American currency crisis forced the Brazilian government to announce an emergency package to support the Real.

Mr Robert Rubin, the US treasury secretary, praised fresh austerity measures by the Mexican government, including public spending cuts and a rise in petrol prices. "The stringent measures announced last night by the Mexican cabinet are a major step forward, and we should recognise the political courage involved in taking those steps."

Mr Alan Greenspan, chairman of the Federal Reserve Board, joined Mr Rubin before a Senate committee yesterday to argue in favour of the Mexican rescue plan, but was more muted in his support. Nevertheless, he said the Mexican programme was "the least worst of the various alternatives which confront us".

"I currently see no viable alternative to the type of programme now being pursued," Mr Greenspan said, adding that it was essential for the Mexican government to correct its policy errors and failure to heed US warnings.

South Africa yesterday scrapped its controversial two-tier currency system, designed to prevent large-scale capital outflows, was scrapped and replaced with a single, free floating rand. Page 22

Anger on the streets as Mexico swallows medicine. Page 4

Dollar at bargain basement prices. Page 10

Editorial Comment. Page 10

London markets. Wind XIX

bis created by the sharp fall in the value of the peso.

The US yesterday disbursed the first \$3bn of a \$20bn medium-term package which the Treasury is to provide from its Exchange Stabilisation Fund. The money is expected to assist Mexico to roll over short-term debts.

The Brazilian measures were aimed at halting a fall in its foreign reserves and at attracting international investors. The country's central bank was forced to intervene 32 times in currency markets on Thursday to support the ailing Real.

The central bank changed the trading band for the Real, set between 86 and 90 centavos to

the dollar, to 88 to 93. Other measures, including an increase in overnight interest rates to 6 per cent a month, heightened demand for the currency and it was trading close to its upper limit of 88 centavos to the dollar by early afternoon.

The package also included lifting a 1 per cent tax on foreign investment in the stock market. A 9 per cent tax on foreign investment in fixed income securities was cut to 5 per cent.

Both Mr Greenspan and Mr Lawrence Summers, Treasury undersecretary for international affairs, were stinging in their criticism of the Mexican government's policy mistakes in the course of 1994, when they attempted to preserve the peso's exchange rate despite a ballooning current account deficit.

Mr Greenspan said the Mexican authorities were "tragically mistaken" in their belief that foreign investors' loss of confidence would be temporary. "Confidence would be regained in implementing effective policies, Mexico's problems have grown," he said.

Mr Summers, criticised by members of congress for not stepping in sooner to change Mexico's economic policy, issued a detailed critique of the Mexican authorities' policy errors and failure to heed US warnings.

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board to release \$6.5bn in financial aid. Report, Page 2

International Monetary Fund chief Michel Camdessus (left) with Boris Yeltsin before talks in Moscow yesterday. Mr Camdessus is to advise the IMF board

EUROPEAN NEWS DIGEST

EU agreement on aligning penalties

European Union ministers yesterday took a potentially far-reaching step by agreeing on the need to end the wide variations in their national penalties on people and companies breaking EU law, but not on how to do this.

At issue is the sensitive problem of how far the Union should intrude in telling its member states what fines and penal sanctions they should impose on flouters of EU directives. The French presidency of the EU has called for action to standardise sanctions so that, as Mr Alain Lamassoure, France's EU affairs minister, said yesterday, "the conditions of equal competition in the EU are not compromised".

Some current EU laws carry widely differing penalties, particularly in the public procurement area, and in one glaring instance - the EU directive against money-laundering - infractions carry a 20-year jail sentence in Luxembourg and no penalty at all in some other EU states. David Buchan, Biarritz

Rates pressure on Bundesbank
The Bundesbank, the German central bank, is likely to come under further pressure to raise interest rates following the rise in the annual west German inflation rate for the first time since the beginning of last year. The final figure for the year-on-year rate in February was 2.4 per cent, up from 2.3 per cent the month before, the federal statistics office says.

The February increase was driven mainly by a rise in the price of seasonal fruits and vegetables and coffee. The cost of living for German households rose 0.4 per cent during February, the statistics office said.

In eastern Germany monthly inflation for February rose to 2 per cent, up from 1.8 per cent, mainly because of an increase in the cost of train tickets. Michael Lindemann, Bonn

German minister stood down

Ms Monika Griefahn, the well-known environment minister in the northern German state of Lower Saxony, was yesterday told by her premier to step down temporarily after being accused of trying to help her husband to win the contract to design the Expo 2000 world trade fair in Hanover.

Mr Gerhard Schröder, the Social Democrat state premier, has asked a former constitutional court judge to conduct an investigation. The situation is especially precarious for Mr Schröder, who has a one-seat majority in the state parliament.

Ms Griefahn, 40, who used to be a board member of Greenpeace, the environmental group, before becoming environment minister, admitted yesterday that her behaviour had been "politically foolish". She is especially well-known for her opposition to nuclear energy. Michael Lindemann, Bonn

Western victory for workers

The EU, backed by the US and other industrialised countries, has won an important victory on workers' rights at the UN social summit in Copenhagen.

The final draft of a resolution due to be signed over this weekend by government heads contains a firm and explicit commitment to the defence of universal labour standards. Developing countries had fought hard to prevent any mention of particular labour rights in the final communiqué, but appear to have backed down. India, China and Indonesia, in particular, regard the campaign for workers' rights in all countries as a cover for the introduction of protectionism to impede the manufactured exports of developing countries.

But the document which emerged yesterday, after more than three days of intense haggling, states that "the basic rights and interests of workers" in all countries must be safeguarded. Robert Taylor, Copenhagen

MARGINED FOREIGN EXCHANGE TRADING
Fast, Competitive Quotes 24 Hours
Tel: +44 71 815 0400
Fax: +44 71 329 319

INVESTORS - TRADERS - CORPORATE TREASURERS
SATQUOTE™ - Your single service for real time quotes.
Futures * Options * Stocks * Forex * News * Via Satellite
LONDON +44 71 329 3377 NEW YORK +1 212 629 6555 FRANKFURT +49 69 440 971

FUTURES & OPTIONS TRADERS
FOR AN EFFICIENT & COMPETITIVE SERVICE
BERKELEY FUTURES LIMITED
38 DOVER STREET, LONDON WIX 3RB
TEL: 0171 629 1133 FAX: 0171 495 0023

YOUR PERSONAL REUTERS FINANCIAL REPORTER
Currencies, Futures, Indices and the latest news updates;
Futures Pager keeps you in touch with the markets 24 hrs a day.
FOR YOUR FREE 10 DAY TRIAL FREEPHONE 1500 888 4556 TODAY

TAX-FREE SPECULATION IN FUTURES
To obtain your free guide to how you can profit from the market call 0171 495 0023 or write to: IG Index Plc, 1 Warwick Row, London SW1E 5ER

GMS FutureView
A subsidiary of the LCE
Real-time worldwide coverage of Futures/Options prices. Softs, Agricultural, Financial, Energy, Metals, FX, News, Charting, PC windows system combining ease of use with accuracy and speed, at one value for money package. Available in the UK and Europe as well as the USA.
For further details ring GMS on London 071 777 4252 Fax: 071 778 4250

Market-Eye
Professional financial information direct to your PC for a low fixed cost
FREPHONE 0800 321 321 FAX 0171 398 1001

Currency or Bond Fax - FREE 2 week trial
also daily gold and silver fax
from Chart Analysis Ltd
7 Swallow Street, London W1R 7HD, UK
exchange rate specialists for over 20 years
regulated by the Financial Services Authority

24HR
Daily FX Services
London Swallow Street, London W1R 7HD
Currency Management Corporation Ltd, 1000 London Wall, EC2M 5BB, UK

TREND ANALYSIS LTD
Daily Analysis & Trading Recommendations by Fax
FOREX • METALS • BONDS • COMMODITIES
For FREE TRIAL
Phone 01962 679764
Fax 01424 774067

PHILLIPS ALEXANDER
SECURITIES AND FUTURES LIMITED
Veron House, 125 Finsbury Pavement, London EC2A 1PA
Fax: (44) 171 417 9720 Tel: (44) 171 417 9719
FUTURES & OPTIONS EXECUTION ONLY
\$32 ROUND TURN

WANT TO KNOW A SECRET?
The J.D.S. Gamma Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Book your FREE place. Phone 0171 588 5888.

IMF chief backs \$6.5bn aid for Russia

By John Thornhill in Moscow

Mr Michel Camdessus, managing director of the International Monetary Fund, will strongly advise his board to release \$6.5bn (24bn) of financial assistance to back Russia's economic stabilisation programme.

The loan would constitute the biggest package of financial support yet offered to Russia and one of the most important assistance programmes ever launched by the IMF.

Mr Camdessus agreed a joint policy statement with President Boris Yeltsin in the Kremlin yesterday affirming Russia's commitment to taming

inflation and bringing the monthly rate down to 1 per cent by the end of the year.

Mr Camdessus said he had been impressed by Mr Yeltsin's "full determination, energy and leadership" to achieve this goal.

"On the basis of this commitment and a strong and credible programme I am ready to give it my vote of confidence - a word I do not use that frequently," Mr Camdessus said.

The IMF board will consider the loan and reach a decision by early April. But IMF officials suggest that Mr Camdessus's high-profile support makes it extremely unlikely that the

board would refuse the request, despite mounting criticism in the west over Russia's human rights violations in Chechnya.

Mr Camdessus rejected suggestions that the IMF money would in effect be used to bankroll Russia's assault on the breakaway region. Independent Russian economists have estimated the costs of the war at about \$5bn.

"I bluntly refuse this conception. The IMF is a technical institution which is there to serve its members in their efforts to stabilise their economies and put them on the path to sustainable prosperity," he said. "It is not the IMF's role to pass judgment

on the war in Chechnya."

Mr Victor Chernomyrdin, Russia's prime minister, reaffirmed the government's commitment to achieving the economic stabilisation which has eluded its grasp in the past two years. "The most important thing for Russia now is to achieve the lowest possible level of inflation by the end of the year," he said.

Economists are divided about the prospects for Russia's stabilisation programme. Some point to signs that its inflation rate - running at 11 per cent a month in February - is already beginning to decelerate and that industrial production is showing frag-

ile signs of an upturn. But other economists argue the stabilisation plan is likely to run into the sands in the summer, as in previous years, when lobbying from the heavy industrial and agricultural lobbies for state subsidies grows intense.

But the IMF will consider extending a roughly stabilisation loan of as much as \$8bn this summer to reinforce the government's determination to refrain from issuing fresh credits. The IMF is also at the earliest stages of talks about a much larger extended loan facility for subsequent years. So far, the IMF has provided Russia with \$4bn of financial support.

Fish knives out in defence of Canada's turbot

By James Harding and Deborah Hargreaves

Turbot in the Northwest Atlantic may well feel under siege. But then so too do the fisherman.

For Newfoundland, which saw its unemployment rate soar over 20 per cent in the late 1980s when overfishing killed off the cod industry and 30,000 jobs with it, the attack on the Spanish fishing boat on Thursday night was a bare-knuckled defence of the local economy.

Analysis earlier this week from the United Nations Food and Agriculture Organisation suggests that more shots will be fired in anger in the future. The FAO found that 70 per cent of the world's fish stocks were at some stage of deterioration through overfishing, and this depletion had been coupled with a consistent rise in the number of fishing crews.

The international community must now deal with the fundamental contradiction between the reality that ocean resources are finite and the prevailing impulse to exploit them as much as possible in the short term," warned Mr Jacques Diouf, FAO director general.

Attempts to protect resources prompted the first limit on turbot fishing around Canada last September. The Northwest Atlantic Fisheries Organisation, the regulatory body, decided on conservation grounds to restrict the total allowable catch for 1995 to 27,000 tonnes. All sides approved.

The consensus broke down on national quotas to fish in those limits. The EU claims "Canada forced a vote in the Nato meeting" which left European fishermen allowed to catch only 3,400 tonnes of turbot compared with the average 37,000 a year they caught between 1991 and 1993.

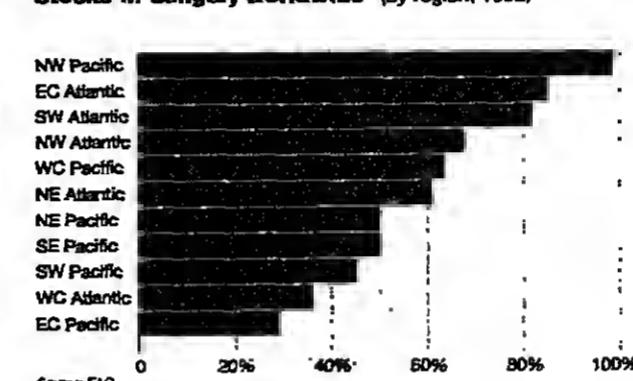
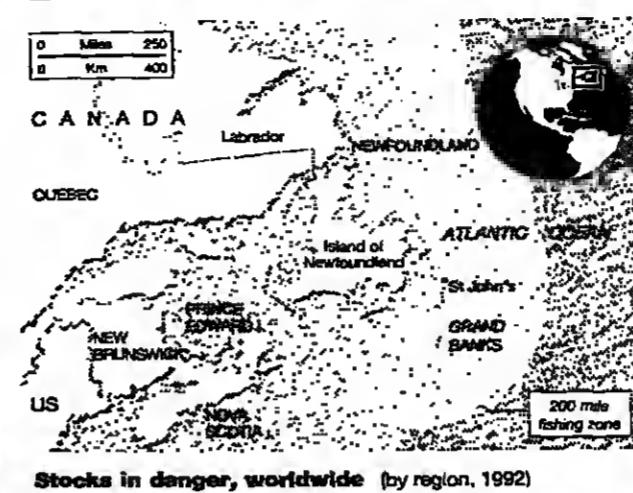
On March 1, the Europeans rejected the agreement and set themselves a unilateral quota of 18,620 tonnes, in effect 70 per cent of the total allowable catch. The remnants of consensual diplomacy have since disappeared.

Mr Brian Tobin, Canadian fisheries minister, responded to the EU's unilateral action: "We will not allow the EU to devastate turbot the way it devastated the Atlantic plaice, yellowtail flounder, witch flounder, redfish and cod species in the 1980s."

European officials blame Canada for the demise of northern cod and for the new row over turbot. Mr Jacques Santer, EU president, invited the Canadian prime minister to send a delegation to Brussels for talks. "Canada refused this offer," EU officials said.

The attack on the Estai, the Spanish vessel fishing just outside Canadian waters, was the most vicious in a series of recent scuffles between Spanish and Portuguese boats, and the Canadian authorities.

The exceptional decision to attack outside the 200-mile national fishing zone reflects Canadian fears that European fishermen are compensating for declining access to the main turbot grounds in Canada.



dian-patrolled waters by trawling on the fringes.

Over three-quarters of the turbot is within Canada's fishing zone, but as catches have fallen in the area from 30,000 tonnes in 1987 to just over 5,000 tonnes in 1993, they have risen on the edges from less than 2,000 to over 45,000 in the same period.

A UN conference which began in 1993 is still considering how to manage fish stocks on the High Seas - outside countries' 200-mile exclusion zones. The conference reconvenes on March 21 in New York for its fourth negotiating session on a binding treaty on cutting fishing, but continue to pump in subsidies," said Mr David Doullan, senior fisheries planning officer at the FAO.

Overfishing is having de-

stabilising effects worldwide, but countries are trying to benefit their own national interests," said Ms Alison Ross, fisheries campaigner at the environmental organisation Greenpeace.

She estimates that the world fleet is twice the size it should be for fishing at a sustainable rate.

The EU and Japan have resisted the idea of securing a binding fishing treaty at the forthcoming UN conference. "Many countries are just not prepared to take unpopular decisions on cutting back their fishing effort, but continue to pump in subsidies," said Mr David Doullan, senior fisheries planning officer at the FAO.

Overfishing is having de-

EU considers retaliation for seizure of boat

By Caroline Southey and Lionel Barber in Brussels

When European Union ambassadors gathered in Brussels to condemn Canada's seizing of a Spanish fishing vessel, they wanted to limit the dispute. But they instructed the Commission to draw up a list of sanctions, including the suspension of diplomatic contacts.

As a first step, the 15 ambassadors decided to put on hold any accord on joint research with Canada which was due to have been signed at a meeting of EU research ministers in Brussels yesterday.

"The EU is not in the business of responding to illegal action with illegal action. We will not meet force with force," said an official in Brussels. The Commission, meanwhile, announced it was seeking an urgent meeting of the North-West Atlantic Fisheries Organisation (Nafo), which regulates the sharing-out of fishing quotas in international waters.

The list of sanctions is likely to be limited by the EU's international trade obligations, but there is a host of bilateral contacts and agreements which the Europeans could put on ice, a painful course to adopt against a member of the Nato alliance.

At last resort, these measures could include a boycott of the Group of Seven industrialised nation's summit in Halifax, Nova Scotia, in the summer, a senior EU official said. Officials said the Commission was looking at other options

including a halt to research and technical agreements, veterinary and scientific bilateral exchanges, and professional training programmes.

A senior EU diplomat predicted that the dispute with Canada would escalate unless the Canadian authorities released the Spanish fishing vessel by early next week: "If they don't free the boat by Monday or Tuesday, or if they take a second boat, then there will be retaliation."

The view in Brussels is that the best, perhaps the only, chance of resolving the dispute with Canada over the fishing of Greenland halibut lies within Nafo. "This is the only legal ground which is accepted by everybody," an official said.

The Commission refused to rule out bilateral action by Spain, but in this case, officials said, there was "complete solidarity" in the EU. "All agree that it is a flagrant violation of the law of the sea," one said.

Spanish officials have been presenting their case forcefully and persuasively in Brussels, rebuffing Canadian claims that they have 35 boats in the area (they say the figure is 18), and arguing that Canadian officials boarded the Spanish vessel with Canadian rather than Nafo manuals.

A Commission official said: "Our response is not limp. We are not going to rush into the conflict in a hot-headed way."

"The instruments we use against Canada must be appropriate. But we will do what ever is required."

'Open skies' pact snub for Kinnock

By Caroline Southey in Brussels

All six EU member states engaged in talks with the US on "open skies" transport agreements have formally rejected a request by the Commission to withdraw from negotiations, Mr Neil Kinnock, the new commissioner for transport, said yesterday.

Mr Kinnock said Belgium, Denmark, Luxembourg, Finland, Austria and Sweden had told him they would continue negotiating. "The attitude expressed is not unexpected. It is, however, regrettable on several grounds," he said.

In his first public statement since his intervention a week

ago, he repeated his threat to take member states to court if they finalised any deals and insisted he would continue to seek a mandate from member states to negotiate a bilateral EU/US air transport accord.

Mr Kinnock had given the six until yesterday to respond to his instruction not to negotiate, initial or sign bilateral open skies deals with the US. Belgium and Austria have already initialled deals. The others are expected to follow.

Mr Kinnock will put his case to transport ministers from member states in Brussels on Tuesday. He said he believed that details of the proposed US deal would persuade more member states that the Commission should be given competence to negotiate a bilateral deal. Member states have traditionally been reluctant to cede negotiating rights in this area.

He argued that liberalisation had to be combined with safeguards and harmonisation.

"Without these, small European air carriers would be particularly vulnerable to aggressive and predatory market behaviour by US carriers."

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone +49 69 1616193. Represented in Frankfurt by J. Walter Brandt, Wilhelm J. Brügel, C. A. Klemm and Geschäftsführer and in London by M. B. Bell, Chairman, and Alan C. Miller, Director, Chairman, Shareholders of The Financial Times (Europe) GmbH and The Financial Times (London) Publishing Ltd, London, UK. Shareholders of the above mentioned two companies are The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, Germany.

Responsible for Advertising: Colin A. Kendall, Putter, GVM Druck-Vertrieb und Adressaten-Kontrollen, Postfach 100, D-60333 Frankfurt am Main, Germany. Tel: 069 4377-0629. Printer: S.A. Nord, Eschborn, 63218 Eschborn. F-93900 Roubais, Cedex 1. Editor: Alan C. Miller, Director, Chairman, Shareholders of The Financial Times (Europe) GmbH and The Financial Times (London) Publishing Ltd, London, UK. Commission Paritaire No 578002.

SWEDEN
Published by: Axel Carlsson, Axel Carlsson AB, Box 1000, S-100 30 Stockholm, Sweden. Tel: 08 500 00 100. Editor: Lars-Göran Carlsson, Axel Carlsson AB, Box 100

Middle East peace talks 'revitalised'

By Julian Ozanne in Jerusalem

Mr Warren Christopher, US secretary of state, said yesterday there was a "new burst of energy" in the Middle East peace process.

His remarks come after a flurry of intensive US-Arab-Israeli diplomacy and reflect fresh optimism about progress in Israeli-Palestinian and Israeli-Syrian peace talks after months of stagnation and delays.

"There's a new burst of energy, there's a sense of revitalisation all across the peace process, and I'll be doing all I can to assist in that," he said after meeting Mr Shimon Peres, Israel's foreign minister.

Mr Christopher's optimism is the product of a new attitude from Israel's Labour-led government that it must do everything possible to push the peace process forward in the next nine months, ahead of next year's election cycle and amid growing concern that the Labour party could lose the polls.

On Thursday, an hour before Mr Christopher arrived in Israel, Mr Peres announced he had agreed with Mr Yassir Arafat, leader of the Palestinian Liberation Organisation, to set a target date of July 1 for the completion of negotiations on extending Palestinian self-rule to the Israeli occupied West Bank.

Later, in a meeting with Mr Yitzhak Rabin, Israeli prime minister, Mr Christopher was told that Israel is determined to reach a peace agreement with Syria over withdrawal

from the occupied Golan Heights and is capable of winning a domestic referendum on a deal with Syria.

Mr Rabin asked Mr Christopher to take a message to Mr Hafez al-Assad, the Syrian president, saying Israel was ready and able to strike a peace deal and wanted a renewal of talks in Washington between the Israeli and Syrian chiefs of staff as soon as possible.

Mr Rabin also told Mr Christopher he had lifted a month-long naval blockade of Lebanon. After the meeting, Mr Rabin flew to Jordan to brief King Hussein. "These are days of intensified diplomatic activity," Mr Rabin said on his return.

The Palestinian self-rule agreement, however, remains a difficult obstacle. Israeli officials say the recent decision by Mr Peres and Mr Rabin to push forward with the next phase of the process - redeployment of Israeli troops out of West Bank Palestinian population centres ahead of Palestinian elections - reflects an assessment that Syria will not strike a deal as long as the Palestinian agreement is stillborn.

Palestinian leaders, however, do not share the optimism of Mr Christopher and Israel. Mr Arafat said yesterday the PLO and Israel were still a long way from agreeing details of redeployment and elections. Other PLO officials remained deeply sceptical about whether Israel, which has traditionally said no dates were sacred in the peace process, would honour its commitment to the July 1 deadline.

Nigerian rulers left in disarray by coup plot

By Paul Adams in Lagos

Nigeria's military regime appeared to be in disarray yesterday after it confirmed reports, which it had earlier denied, of a coup plot in the armed forces prompting the detention of a leading politician.

The arrest of Mr Shehu Yar'Adua and the delay in confirming the rumours, which have been rife for about 10 days, suggest deep divisions within the army constituency of General Sani Abacha, head of state, and follow several months in which the regime has lacked any clear policies.

Gen Abacha has cancelled plans to attend the United Nations social summit in Copenhagen this weekend, which would have been his first trip to Europe since he seized power nearly 18 months ago.

The general has played an integral part in the three coups in Nigeria which have kept the military in power for more than a decade. Since he became head of state in November 1993 he has twice purged the forces of senior officers considered disloyal.

Nigeria's chief of defence staff said in Lagos yesterday that the government had foiled a plot to overthrow the regime by military officers whom he described as "over-ambitious". He confirmed that arrests early last week were connected with the plot to stage a coup on March 1, the start of the end-Ramadan Muslim festival.

BEAR DOWN ON ENVELOPE COSTS



NO BULL FROM MOSSBLATT
ring 0171 253 8312 for further details

Algerians try to stay cool in the quartiers chauds

Roula Khalaf reports from Algiers where constant fear pervades everyday life

In Bab El Oued, a "quartier chaud," or hot neighbourhood, as popular Islamist areas are called in Algeria, life seems to go as usual.

But this is a country where more than 30,000 people have died since armed conflict between Islamist groups and security forces erupted in 1992, when the army-backed government cancelled elections the Islamists were expected to win.

Algerian women now gather to hold mock trials of Islamist leaders while officials show journalists grisly photographs of beheaded men and women, their faces mutilated, their bodies sliced in half. It is a country where foreigners are hunted like animals and those who remain live like prisoners in their own homes.

If the security forces are not visible, it is because they have become part and parcel of the civilian population, to the point where no one knows if the man brandishing a machine gun at a checkpoint is an Islamist extremist or a security officer.

"I go out, I drive around, I act as if nothing is wrong but at the same time I know that

at any moment something terrible can happen to me," says Malika, a 33-year-old Algerian who moved to France a few months ago but last week decided to come back.

Algerians caught in the middle of the conflict are learning to cope with this absurdity. Their first weapon of defence is psychological. So disgusted are they, and so ashamed of the horror perpetrated by their countrymen, that they seem to treat the "violence" as if it were an alien force which has taken on a life of its own and has no links to their society, or to their history. "This war does not concern us," says Jamal, 34, an Algerian restaurant owner. "We are not identified in the conflict."

Because of the random nature of the violence, which targets everyone, but especially intellectuals and professionals, condemned by Islamist extremist groups, coping with everyday life has forced some to arm themselves, others to change their routine daily, move out of their homes and, for those without hope, plan a life outside their country.

Hamid, a journalist who has



Bombed out: the scene after yesterday's attack on Algiers police quarters. Nearly 100 were hurt

been condemned to death by Islamist extremists, now sleeps with a machine gun under his bed and never leaves at the same time in the morning. Last year, on the eve of the Moslem holy month of Ramadan, Hamid was driving from his parents' house outside Algiers when a police patrol mistook him for an Islamist guerrilla and shot him in the stomach.

"I have not been to see my parents in five months," he says. When he saw his restaurant business erode as foreigners left the country in droves, Jamal did not close shop. He simply changed the menu to cater to an Algerian clientele.

Three years ago, Mohammed, 36, a former army officer now in the import/export business, was living a quiet life in a quaint fishing town 30km east of Algiers. His town is now encircled by hot neighbourhoods, his wife has moved to France and he has moved in with his parents in Algiers.

"It has become like a Switzerland surrounded by Lebanon and Israel," he says of his town. "No, it is not true that all is well in Algiers, my life has completely changed, I stay away from public places. I have no freedom of movement and I know we bury corpses every day."

The cause of this "violence"

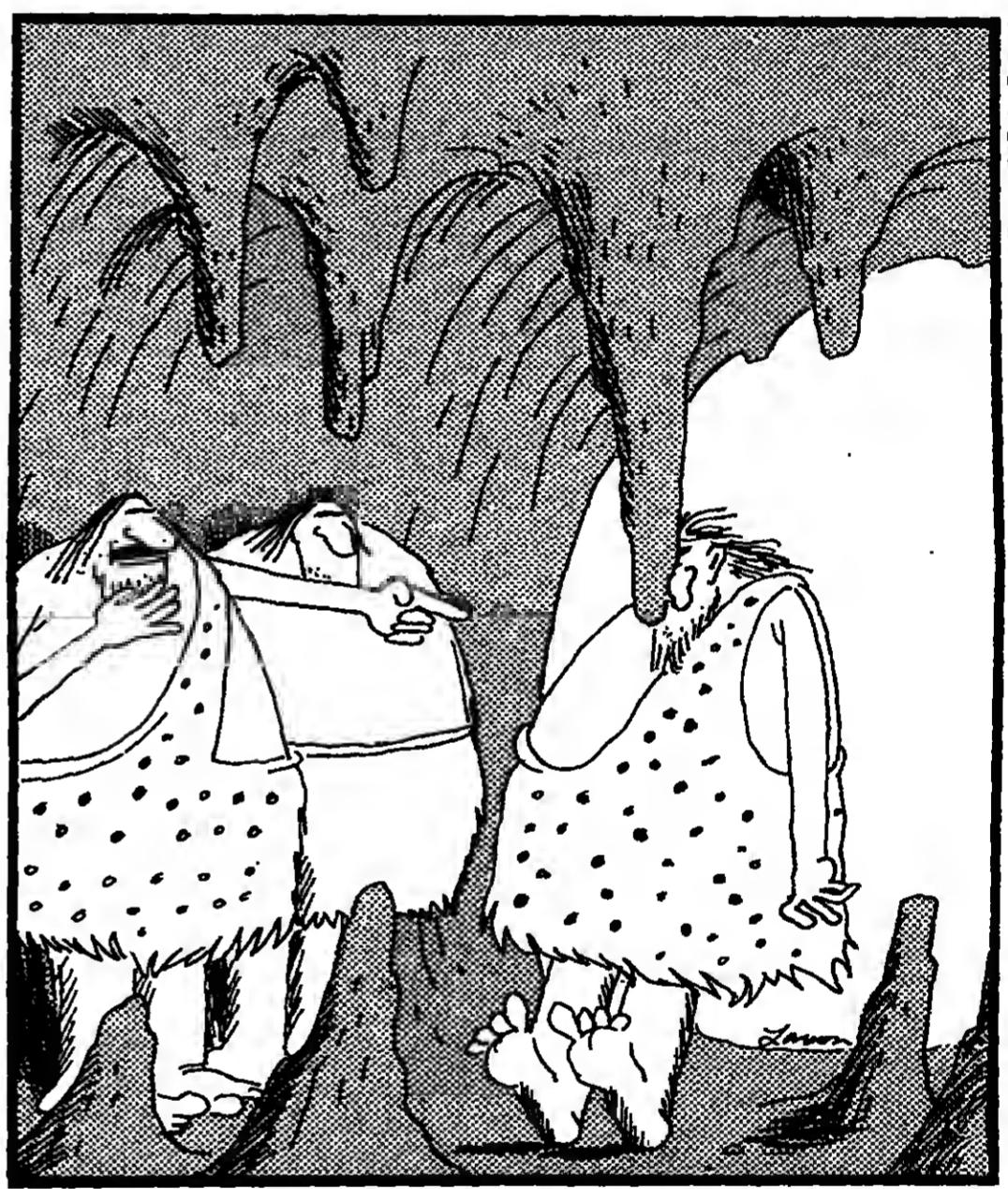
which touches the life of every Algerian is the subject of animated debate. Mohammed lays the country's ills squarely at the doors of the government which cancelled the 1992 elections, but his friend Nadir, 34, a print shop owner, who now shuttles between Algiers and Casablanca where his French wife has taken refuge, blames the Islamist movement instead.

"We are what is called the third force in Algeria and we argue but we stay friends," says Mohammed. "We try not to be divided because we all want democracy."

Nasreddine, 34, who works for his family's jewellery business, is tired of waiting for democracy and of the government's promises to reduce the violence to "tolerable" levels. Sales at his three stores have sunk to the point where he is planning a new life in Paris.

"Life has become excessively expensive and people who have money and can afford to buy gold are no longer living here," he says.

These Algerians admit the madness could go on for years to come. But clinging to a fiercely nationalistic pride born out of the memory of a million lives lost during their war of liberation from France, they refuse to despair. Whether they denounce the Islamists, the army or both, their last words are often "on s'en sortira, we will make it."



© 1984 Chronicle Features. All Rights Reserved.

Only Premium Bonds guarantee a £1 million jackpot winner every month. And, if you don't win, you can always get your money back.

There are also two prizes of £100,000, three of £50,000 and four of £25,000.

And with others ranging from £50 to £10,000 it means that there are over 300,000 prizes worth over £20 million to be won every month.

What's more they are all tax-free.

You can invest any sum from £100 to £20,000 in multiples of £10. And remember the more Premium Bonds you hold the more chances you have of winning the guaranteed monthly £1 million jackpot. Especially as your Premium Bonds are entered into the draw month after month after month.

Something to make your mouth water not your eyes.

Use the form below to buy Premium Bonds by post. We pay the postage.

Your cheque should be crossed "A/C Payee" and made payable to "NATIONAL SAVINGS (PREMIUM BONDS)" using CAPITAL letters for this part of the cheque.

Please write your name and address on the back of the cheque. Post your completed application form and cheque to National Savings (Premium Bonds), Freepost BJ 2092, Blackpool, Lancashire FY0 1BR. If you prefer, use a first class stamp for rapid delivery.

If, before applying, you would like further information and a Prospectus, pick up a Premium Bonds sales booklet at your post office where you can also buy your Premium Bonds.

Or call us free, 24 hours a day, seven days a week on 0500 500 000 and we will send you a sales booklet.

Premium Bonds are sold subject to the terms of the current Prospectus. We give three months notice of any changes to the price structure and the underlying interest rate that makes up the prize fund, which is currently 5.2% pa. Any person aged 16 or over can buy Bonds for themselves. Bonds can be bought for children under 16 by their parents, (great) grandparents, or guardians. If you buy by post, once we have accepted your application we will send you your Premium Bonds together with a copy of the Prospectus, normally within a month. The purchase date will be the date we receive your application. If on receiving your Premium Bonds and Prospectus you wish to cancel your purchase tell us in writing within 28 days and we will refund your money. Your Bonds will go into the prize draw after you have held them for one calendar month following the month of purchase. The Director of Savings reserves the right to seek evidence of identity when you want to purchase or ask for repayment of Premium Bonds.

Only Premium Bonds guarantee a £1 million monthly jackpot. (Better than a poke in the eye.)

Please send this form to: National Savings, PREMIUM BONDS, FREEPOST BJ 2092, Blackpool, Lancs FY0 1BR.

FTS43

1 Do you already hold Premium Bonds? (Please tick) Yes No

If yes, please enter your Holder's Number

2 Amount in words _____ pounds £ _____ Minimum £100. Larger amounts must be in multiples of £10.

3 M _____ Surname _____

(Mr Mrs Miss Ms)

All forenames _____

Address in full _____

Postcode _____ Date of birth _____ Day _____ Month _____ Year _____

4 I accept the purchase will be subject to the terms of the current Prospectus. Signature _____ Date _____

5 If buying for a child under 16, give name of parent/guardian: M _____ Surname _____

(Mr Mrs Miss Ms)

All forenames _____

6 If buying for a (great) grandchild, give name of the parent/guardian above and your own name and address below:

M _____ Surname _____

(Mr Mrs Miss Ms)

All forenames _____

Address _____ Postcode _____

This form cannot be used to purchase Premium Bonds at a post office or bank.

C O U

NATIONAL SAVINGS

SECURITY HAS NEVER BEEN SO INTERESTING.

NEWS: INTERNATIONAL

Fall in US jobless spurs rates rethink

By Michael Prowse
in Washington

A sharp drop in the US jobless rate last month provoked a debate yesterday about the future direction of US short-term interest rates.

The Labour Department said the jobless rate fell to 5.4 per cent, against 5.7 per cent in January, while non-farm payroll employment increased by a robust 318,000, in line with monthly increases last year when the economy was surging ahead. January data was revised to show a net increase in jobs of 176,000, rather than 134,000 previously reported.

However, bond and equity markets seized on subsidiary data about average earnings and hours worked which traders assumed would make it less likely that the Federal Reserve would raise rates.

After weak jobs data in January, many economists assumed US economic growth was decelerating rapidly, eliminating the need for further increases in short-term rates, currently 6 per cent. That sentiment helped pushed the dollar down on foreign exchange markets.

The consensus view was that the jobless rate would fall only marginally last month to 5.6 per cent and that payroll employment would increase by about 240,000.

Yesterday's strong figures suggest the economy retains considerable momentum, and some economists believe the data will put renewed pressure on the Federal Reserve to head off inflationary pressures by tightening monetary policy again. In Congressional testimony this week, Mr Alan Greenspan, the Fed chairman, gave a broad hint that rates might be raised again, in part because of the "troublous" weakness of the dollar.

INTERNATIONAL NEWS DIGEST

Japan feeler to North Korea

Japan's ruling coalition plans to send a mission to North Korea, signalling the possibility of rapprochement with Pyongyang. The mission, next month, would be led by Mr Michio Watanabe, former foreign minister and a member of the Liberal Democratic party, the dominant coalition partner. Mr Watanabe aims to set the right climate for reopening talks, broken off three years ago, on the resumption of diplomatic relations, said Mr Yoshiro Mori, LDP secretary general.

The delegation is weighty enough to attract the likely backing of the Tokyo Foreign Ministry, said a senior diplomat. Until now, the ministry has kept aloof from the series of North Korean contacts by academics and politicians, acting individually. William Dawkins, Tokyo

Zimbabwe aid is approved

The World Bank yesterday ratified external finance disbursements for Zimbabwe of \$732m for 1995 at a consultative meeting in Paris, up from \$568m last year. Delegates pledged \$175m in new finance on top of \$60m which had already been committed. About 38 per cent of the aid will be in the form of quick-dispersing balance of payments support, with the remainder as project aid. Some \$537m will be in the form of loans and \$235m as grants. The meeting praised Zimbabwe's government for continuing to implement a structural adjustment programme and taking steps to reduce its deficit, but stressed the need for additional efforts to reduce poverty. Andrew Jack, Paris

Australia plans smaller deficit

Australia's federal government said yesterday that it would be taking the "starting point" for the 1995/6 budget deficit as 1.5 per cent of gross domestic product, when it came to compute detailed budget proposals for the next financial year. This is an improvement on the calculation put forward in the May budget last year, when the estimated deficit for 1995/6 was put at about 2 per cent of GDP. However, many economists still expect the government to improve further on the 1.5 per cent figure, as it draws up detailed budget proposals over the next two months. Nikki Tait in Sydney

Karachi mosque attack kills 14

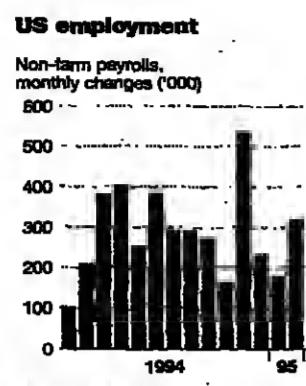
At least 14 people were killed and 25 injured yesterday in Pakistan's southern port city of Karachi when a bomb hidden in a motor-cycle exploded outside a Shia Moslem mosque and gunmen opened fire afterwards. The gunmen escaped. Up to four people were killed in two separate attacks elsewhere in the city. Almost 1,000 people have been killed in Karachi's ethnic violence over the past year. Farhan Bokhari, Karachi

Cholera hits Japanese tourists

The Japanese government has issued travel warnings following a series of cholera cases among Japanese tourists returning from the Indonesian island of Bali. Japan said 200 tourists had cholera or had the symptoms. The Indonesians say there have been no reports of locals or other tourists with the disease. Bali has become a favourite holiday resort for the Japanese over the past few years, and the number of tourists has climbed to an annual 500,000 from 90,000 10 years ago. Eniko Terazona, Tokyo

Shanghai residents stage protest

Hundreds of protesters blocked Shanghai's "Golden Mile" shopping road for the second night running yesterday in an unprecedented protest against the demolition of old city neighbourhoods. Middle-class residents of Huai Hui Road, home to fashionable boutiques selling Nikon cameras and Gucci bags, virtually sealed off an entire city block in a stand-off with police. Residents said they were told by housing officials leave their apartments by June to make way for commercial development. Resentment has been smouldering for years as whole neighbourhoods are flattened to make way for shops, hotels and offices. Reuter, Shanghai



Economic strength spurs end of finrand

New-found political stability and a strong economy explain the decision to scrap the financial rand, says Mark Suzman

The South African government's decision to scrap the financial rand is a sign of economic confidence. After years of gaining wistfully at the large sums pouring into other emerging markets while having to use complex exchange controls to try to prevent its own economy from haemorrhaging capital, financial officials are optimistic the country is capable of successfully competing for international investment.

The key to this new-found self-belief has been the combination of unprecedented political stability brought about by last year's democratic elections and the surprisingly conservative economic policy followed by the African National Congress-led government of national unity.

The economic effects, which started to be felt in the second half of last year, have already

been gratifying. After falling slightly in the second quarter, economic growth rebounded strongly to reach 6.4 per cent by the fourth quarter. At the same time, a net capital outflow of R1.6bn (\$210m) in the first half of 1994 (which followed the departure of a net R15bn over the previous two years) was transformed into a net capital inflow of R5.6bn over the second half, giving South Africa its first annual net capital inflow since 1984.

After a nominal depreciation of 1.1 per cent in the value of the commercial rand between December 1993 and July 13 1994 the currency actually appreciated by 4 per cent over the next five months, with the Reserve Bank having to intervene to prevent it from rising too rapidly – a situation that has only reversed recently with the fall of the dollar, which the rand traditionally

tracks fairly closely.

Similarly, net foreign reserves, while still low by international standards, climbed from close to zero in early 1995 to over R12.5bn now.

In addition, Mr Chris Stals, Reserve Bank Governor, has said that he has access to credit lines worth another R15bn, of which R10bn remains unutilised, giving him the power to meet any big speculative capital withdrawals that might take place.

In the light of this, and with the raison d'être of the financial rand the protection of South Africa's foreign reserves against massive withdrawals, the two-tier currency has increasingly been seen by the domestic financial community as an archaic device belonging to a different political and economic era – a point of view that the government has now accepted.

In the short term, meanwhile, the Reserve Bank will be hoping that the country's relatively high real interest rates – the benchmark Bank

Rate was raised last month to 14 per cent and the rand's

medium term by new foreign inflows as the stability offered by a unified currency, combined with the attractions of a growing economy, should prove far more of an incentive to investment than the old discount.

Financial authorities expect

any short-term capital outflows

will be more than offset in the

regulations, will stand or fall by the government's other fiscal and monetary policies.

If the ANC-led administration can present a sensible budget next week and continue its successful restructuring of the economy, the increasing international confidence those policies engender will reap the dividends of growing international investment.

around R5bn (\$280m), belonging to emigrants, who have historically been denied permission to take their assets out of the country when they departed.

But when and if these controls go depends in large part on how quickly the currency markets stabilise and whether much foreign investment is forthcoming.

Next step may be to allow residents to invest abroad

By Mark Suzman in Johannesburg

The scrapping of the financial rand may be the most important part of dismantling South Africa's complex exchange control regime, but it remains only the first move, albeit a central one, towards establishing a fully open currency market.

Some economists had been hoping for a "big bang" approach – the ending of all exchange controls in one fell swoop along the lines of the United Kingdom in 1979 and New Zealand in 1984 – but the government has long warned that South Africa's unique political circumstances called for a gradualist approach.

The next big step is the

relaxing of controls on South Africans taking money out of the country. This will probably have two parts.

The first move is allowing residents to invest abroad, an event that South African companies and institutions are eying with keen anticipation.

Given their long isolation from international markets, the goal of portfolio diversifi-

cation on its own will probably lead to top institutions sending between 15 per cent of their assets overseas – a sum estimated at between \$15bn (\$21.6bn) and \$20bn.

Big local companies too will want to shift assets abroad or make new acquisitions while others, which have been forced to pay premiums in offshore borrowings because of their

inability to secure them against South African assets, will almost certainly want to refinance using local cash and securities.

Only when these moves have taken place and the economy has adjusted will the Reserve Bank lift its last restrictions and allow the release of so-called "blocked funds". This is the money, estimated at



Anger on the streets as Mexico swallows the economic medicine

Leslie Crawford on the response to Zedillo's shock programme

Mexicans awoke a week ago to find a grim mood yesterday after being told by their government they faced a prolonged recession, high inflation and a dramatic fall in real wages to overcome an economic crisis whose origins are still not fully understood.

President Ernesto Zedillo, who took office three months ago promising prosperity, a stable currency and "well-being for your family", has now the unenviable task of implementing an economic shock programme that will cut family incomes by 25 per cent in order to halt the country's slide towards hyperinflation.

"I believed him I was a fool to vote for him," says Mr Norberto Zapata, the owner of a delicatessen he opened four years ago when the peso was strong and imported goods were cheap and plentiful. "I have already lost half of my customers and demand will continue to fall."

He doubts the emergency measures announced by finance minister Mr Guillermo Ortiz on Thursday night will succeed in stabilising Mexico's battered currency or control inflation, which the government

ment believes can be contained to 42 per cent this year – six times higher than in 1994.

"The rich will continue to take their dollars out of the country. We Mexicans are like that," the shopkeeper said.

Even the shoe-shine men

that line the city's pavements have felt the pinch of inflation. They have raised their prices to counter a marked decline in customers.

The queues at petrol stations in this congested, overcrowded city were noticeably shorter yesterday after petrol prices were raised by 35 per cent at midnight. A litre now costs 1.87 pesos (19 pence), and the price rise has been greeted with disbelief in a country that is the world's third-largest oil producer.

As he partied with a bigger bunch of pesos for filling his car, Mr Ruperto Zuniga, a university lecturer, could not hide his anger. "The government has not yet shown it is capable of taking long-term decisions for the good of the country. These measures have been taken merely to please foreign creditors," he said.

There was widespread anger at

Ortiz to announce the new austerity programme. Businessmen gasped when the finance minister announced added tax would be increased from 10 to 15 per cent, and groaned when he predicted the economy would contract by 2 per cent this year. Labour representatives sat stony-faced as Mr Ortiz said the minimum wage would only be increased by 10 per cent in April.

In the present climate, however, the fear of unemployment is likely to dampen demands for greater wage increases. There was no applause at the end of Mr Ortiz's speech. Finance officials say they had no option but to embrace an economic shock programme.

The alternative, they believe, would be hyperinflation leading to a default on Mexico's foreign debt obligations. The peso strengthened on Friday to 6.225 against the dollar, against the all-time low of 7.45 at Thursday's close, and the Mexican stock exchange had staged a 2.42 per cent rally by midday as traders took some comfort in the government's firm measures following weeks of uncertainty.

Credit cards are a rapidly growing business in Brazil since the Real currency, launched last year, brought monthly inflation down from 50 per cent to about 1 per cent. With high inflation, retailers and restaurants were reluctant to accept credit cards because of the delay in receiving their

money.

The growth in credit card use has prompted many non-financial organisations with strong supporter loyalty to team up with banks to launch credit cards. Several football clubs have their own cards. Perhaps the most unusual example is the Afro-Brazilian drum and dance group Olodum, which launched its own card last year. The band, a symbol of black identity and culture, said it would use profits for one of its many social projects.

Central bank measures aimed at stemming capital outflows help calm markets

Brazil forced to raise interest rates

By Angus Foster in São Paulo

Brazil was yesterday forced to raise interest rates and alter the Real's trading bands only four days after they were fixed, following sustained selling of the currency on Thursday.

The central bank also announced a package of measures to stem an outflow of foreign reserves and attract international investors back to Brazilian markets. Mr Périco Arida, central bank president, said the moves were designed to "tear out speculation by the roots".

The measures, although announced in an atmosphere of

near panic, calmed the currency and stock markets, where the Real stabilised and the main Bovespa index rose 1.85 per cent by late afternoon.

The index had fallen 28 per cent since Monday, when the Real was devalued by 5 per cent.

The bank said the new band was valid for an "undetermined time" and Monday's announcement, which suggested a second devaluation in May, was revoked. Even so, the Real is still expected to be devalued gradually against the dollar. The change in bands gives the bank more flexibility

and will allow it to devalue the Real quicker than first planned, should it want to.

The bank was prepared to continue supporting the currency, but the government is thought to have been shocked by a sudden outflow of foreign reserves which could have prompted comparisons with Mexico's devaluation last December.

There was a net outflow of \$344m (\$226m) on Wednesday and a further \$1.5bn on Thursday. The bank is estimated to have used about \$5bn of Brazil's \$35bn reserves defending the currency, although some of this money was recovered yes-

terday when the bank started buying dollars.

Several measures were announced to attract more foreign capital into Brazil. A 1 per cent tax on foreign investment in the stock market has been lifted, and a 9 per cent tax on foreign investment in fixed income securities has been cut to 5 per cent. A 7 per cent tax on foreign fund raising issues has also been suspended.

Among measures to prevent speculators, prepayment of foreign debts has been banned, and banks with long dollar positions will be required to keep more foreign currency on deposit at the central bank.





United for a Better World

Peace, justice and prosperity. These are the ultimate human goals. These are also the founding goals of the United Nations. That's why Goldstar is proud to be an official 50th anniversary sponsor of the United Nations. From creating multimedia products that simplify and improve our way of life to establishing joint ventures in developing countries that enhance the global economy, Goldstar is committed to helping make the world a better place to live.

GoldStar
Technology with the human touch.

2002
World Cup Korea

NEWS: UK

Labour leader wins boost for reform plans

By Kevin Brown,
Political Correspondent

Opposition Labour party leader Mr Tony Blair's campaign to drop his party's Clause 4 commitment to mass nationalisation looked certain to succeed last night after his proposals won unexpected firm support from the traditionalist Scottish party conference.

After a passionate appeal for support from Mr Blair, conference delegates voted by 58 per cent to 42 per cent to accept his plan to draw up a revised statement of the party's aims and objectives. A second motion

defending the existing Clause 4 commitment to "common ownership" of the means of "production, distribution and exchange" was defeated by 56 per cent to 44 per cent.

Mr Blair said he was "absolutely delighted" by the result. "It shows people that Labour is now speaking their language. It is a party they can now trust in government," he said.

The party leadership was openly jubilant about the unexpectedly high majority, which clears the way for final approval of Mr Blair's plans by a special conference in London on April 29. "We genuinely thought this vote was on a knife-edge. We are delighted

with the margin of victory," said a senior official.

Mr Blair and Mr John Prescott, deputy leader, who will spend most of the weekend drawing up a final version of the proposed replacement for Clause 4, which will be presented to a special meeting of Labour's national executive committee on Monday.

Several drafts are circulating among senior officials and shadow ministers, including one that supports a "dynamic market economy" and another that includes a cautious commitment to full employment.

The final draft is likely to run to four or five sections, including para-

graphs on the economy, democracy, social justice and the environment. However, the only certainty is that the statement will contain a commitment to common ownership where it is justified on grounds of economic efficiency or social justice.

In one of his most powerful party speeches, Mr Blair bluntly rejected leftwing demands that Clause 4 should be retained as the centrepiece of his revised statement of aims. "That is a cop-out," he told delegates. "No matter how you stretch it and turn it Clause 4 says we believe in common ownership of the whole economy. Words do have meaning, and we

should say what we really believe."

Leftwingers claimed Mr Blair's proposals were part of a hidden agenda intended to help the leadership avoid committing itself to renationalising the privatised utilities. "However nice the butcher is, and he is nice, nobody buys a pig in a poke," said Mr George Galloway, MP for Glasgow Hillhead.

However, officials said that Mr Blair's appeal helped swing a majority of both trade union and constituency delegations behind his proposals, suggesting that leftwingers now have little chance of blocking change.

Mr Blair said he was "confident" of victory at the special conference.

Widening trade deficit defuses optimism

By Gillian Tett
Economics Staff

Hopes that the UK might have recorded a second current account surplus at the end of last year were receding yesterday after official figures showed a significant widening of the trade deficit in recent months.

The government's Central Statistical Office said the balance of visible trade with the rest of the world had almost doubled between the third and fourth quarter to £3.1bn (£5.1bn).

The figures for the balance in invisible trade - which covers financial flows and services - will not be published until later this year.

However, most economists suspect that unless the invisible balance shows a dramatic improvement, the current account will return to a deficit in the last quarter of the year, after going into surplus in the third quarter of the year for the first time for seven years.

A key reason for the swing in the trend, the CSO said, was a rise in consumer imports at the end of the year, primarily due to works of art.

But aside from this, the underlying pattern also suggested more subtle changes in the trade trends.

The UK recovery was sucking in more imported goods at the end of the year although imports had remained relatively flat during the summer. Imports of basic materials grew 8.9 per cent in volume terms between the third and

TRADE WITH COUNTRIES INSIDE AND OUTSIDE THE EU Balance of payments basis (£m seasonally adjusted)											
	Exports			Imports			Visible balance				Source: CSO
	European Union	Countries outside the EU	Whole world	European Union	Countries outside the EU	Whole world	European Union	Countries outside the EU	Whole world	Invisibles balance	
1993	63,924	57,376	121,300	67,961	60,733	134,624	-4,007	-8,657	-13,294	2,029	-11,325
1994	67,134	62,263	134,967	75,053	70,754	145,727	-3,929	-5,501	-11,720	2,225	-12,225
Q1	16,145	15,540	31,763	17,754	17,365	34,089	-1,271	-2,075	-3,348	1,521	-1,826
Q2	17,882	15,642	30,204	16,555	17,068	35,821	-883	-1,424	-2,417	1,318	-1,099
Q3	16,547	16,106	34,655	19,067	17,443	36,530	-540	-1,335	-1,875	2,367	492
Q4	18,182	18,223	35,385	20,287	18,190	38,477	-1,125	-1,907	-3,092		
May	5,749	5,136	10,885	6,171	5,795	11,988	-422	-659	-1,081		
June	5,977	5,280	11,257	6,301	5,818	11,919	-324	-333	-662		
July	6,028	5,384	11,412	6,176	5,874	12,059	-148	-480	-858		
Aug	6,256	5,378	11,632	6,444	5,799	12,243	-163	-223	-511		
Sept	5,283	5,246	11,511	6,047	5,770	12,007	-204	-422	-225		
Oct	5,855	5,348	11,714	6,604	5,808	12,412	-238	-460	-598		
Nov	6,406	5,605	12,011	6,758	6,007	12,765	-352	-402	-754		
Dec 1	6,390	5,270	11,560	6,925	6,375	13,300	-535	-1,105	-1,640		

British consumers might still be feeling cautious - but some international fine art lovers seem to be splashing out, Gillian Tett writes.

Trades of art and jewellery surged at the end of last year, the Central Statistical Office yesterday said.

Of the £700m (\$1.5bn) rise in imported consumer goods between the third and fourth quarter of last year, £500m was accounted for by art, antiques and jewellery.

Meanwhile, the value of artworks sold overseas rose by £200m - or two-thirds of the total growth in the consumer exports.

Fourth quarter imports of manufactured goods rose 7.4 per cent during that period.

Another change observed is that the surge in exports which occurred at the start of the year appears to have lost some of its pace. Exports of manufactured goods grew 2.6 per cent over

the fourth quarter - a far slower rate than earlier in the year.

Measured over the year, both imports and exports hit record levels, with the overall deficit falling to £10.7bn - the lowest deficit since 1991.

This balance was helped by a

surge in oil exports, with the surplus rising to \$4.2bn over the year - the highest level for eight years.

Broken down on a regional basis, the data showed that the Benelux countries had been one of the fastest growing areas for UK exports in

Mr Jeremy Sparks, director of London operations of Phillips auction house, said: "These figures don't surprise me too much. There has been a gradual rise in the trade deficit."

In particular, business from Latin America and Far Eastern buyers had recently picked up, he said, while the European single market had led to an increase in interest from countries such as Spain.

However, other auctioneers admitted they were baffled, not least because activity in the art world remains well below its previous 1980 peaks.

Europe, with 29 per cent growth over the year.

Exports to Germany rose far more slowly in recent months, by contrast. Meanwhile imports from France have picked up sharply, resulting in a significant widening of the trade deficit in recent months.

Barings auditors changed in August

By William Lewis in Singapore and Nicholas Denton

Coopers & Lybrand, the chief auditors for the Barings group, only took over the audit of Baring Futures (Singapore) last August, it emerged yesterday.

Before then the results of the derivatives operation headed by Mr Nick Leeson, which brought down Barings, were checked by Deloitte Touche Tohmatsu.

Ernst & Young, administrators of Barings plc, said this week it was exploring litigation and examining the conduct of the auditors and other institutions for the collapse of the bank.

Defenders of Coopers said it could not be held responsible for lax management controls which predated its involvement.

It is believed that Coopers had no part in the internal audit report which criticised Mr Leeson's Baring Futures operation. Nor were Coopers supervising the accounts of Baring Futures when Mr Leeson is believed to have begun trading in his secret account, number 88888, in January 1994 or before.

But Coopers were auditors of Baring Futures when Mr Leeson allegedly forged a payment to obtain provisional audit clearance of the unit, according to the Singapore authorities' extradition proceedings against Mr Leeson.

Units other than Baring Futures (Singapore) have had auditors other than Coopers & Lybrand, Barings' main auditors. Deloitte Touche Tohmatsu, KPMG and PwC audit group companies in Taiwan, Indonesia, Philippines, Australia, Bermuda, Switzerland and Luxembourg.

Mr Peter Norris, chief executive of investment banking at Barings when the bank collapsed, has not yet been included in the liaison committee created to oversee its continuing businesses.

Internationale Nederlanden Group, which has acquired Barings, has not finalised membership of the committee, which will supervise corporate finance, securities and asset management operations.

But Mr Norris was not present at the liaison committee's first session on Thursday evening. He was the only executive director not there from the board of Barings plc, the holding company of the group until the collapse.

Phone rates probe set: Mr Don Cruickshank, director-general of Ofcom, the UK telecommunications watchdog, is to investigate the rates charged by British Telecommunications and Mercury Communications to other telecoms operators for carrying certain international calls. The investigation has been stimulated by new tariffs - City to City and Marketlink - established respectively by BT and Mercury to offer large business customers low cost international communications. Mr Cruickshank said that for some of BT's tariffs, the interconnection rate was higher than the retail price. Mercury's tariffs were generally lower than the retail rate but still merited investigation.

Construction output up 3%: Total construction output in the UK rose 3 per cent last year, the first annual increase for four years, figures published by the Environment Department show. Final construction orders, however, fell by more than a fifth in the final three months of last year compared with the same period in 1993.

Tate Gallery conman is jailed: A conman who tried to trick the Tate Gallery into paying \$30,000 for two stolen masterpieces by Turner worth £24 million was yesterday jailed for seven months on the £24 million.

The paintings - "Shade and Darkness" and "Light and Colour" - owned by the Tate since 1856 were stolen while on loan to a gallery in Frankfurt, Germany.

A massive secret police operation codenamed Beano was set up by the Arts and Antiques squad after Ebony Nwanosike, 23, made a series of telephone calls to the gallery.

Nwanosike threatened a director of the Tate, Alexander Nairn, that the two paintings - which were still missing - would be sold abroad unless £30,000 was handed over, said Jeffrey Puguen, prosecuting. Judge Mr Recorder Chadwin QC described the attempt to get the cash as "amateurish".

Just two days after the paintings disappeared the first telephone call from Nwanosike was made to the Tate.

Arrangements were made to meet Mr Nairn outside a London Tube station on August 5 last year. But a police officer took the gallery director's place.



Sotheby's auctioneers yesterday showed off what they consider the prime attraction a forthcoming sale of Concorde memorabilia from the Naval and Aircraft Museums collection of Wensley Haydon-Baille (above). The nose section, valued at £25,000 (\$39,900), was used in prototypes of the Anglo-French airliner that were tested at a British factory, Sotheby's said. The sale takes place on March 16.

Hurd scorns rising tide of Tory ideology

By Robert Peston,
Political Editor

Mr Douglas Hurd, the foreign secretary, last night launched an attack on the rising tide of ideology in the Conservative party by calling for an agenda based on public service.

In what may be seen as a rear-guard action against right-wing ideologues, such as Mr Michael Portillo and Mr John Redwood, leaders of the debate about the future of the Conservative party said they must not end in themselves. The

foreign secretary said: "We do not need to fortify ourselves with great new riffs of ideology".

Speaking at Birmingham University in the Midlands, he added: "I believe that developing the idea of service is one way to give ourselves ballast".

Citing attempts by government to reform the civil service and the BBC, he said: "Competition and market testing are important, but they are not ends in themselves. They

must be done "without undermining the whole concept of people making a career out of service to the public".

He urged that the Conservative manifesto for the next election should be based on the idea that it is the party of "achievement" and "service".

Mr Hurd said that attempts to measure public sector performance by making comparisons with the private sector were useful, but they are not ends in themselves. The

speech was littered with phrases which will enraged the

party's right wing. He described the party's success in the twentieth century as being based on its ability to embrace dominant social changes.

"It was partly under Conservative rule that... trade unionism and state intervention... progressed in the first two-thirds of this century," he said, while Labour was now embracing the Conservative achievements of the 1980s.

His speech was littered with phrases which will enraged the

party's right wing. He described the party's success in

COMPANY NEWS: UK

Cautious Exco shows 5% rise to £43.5m

By Patrick Harverson

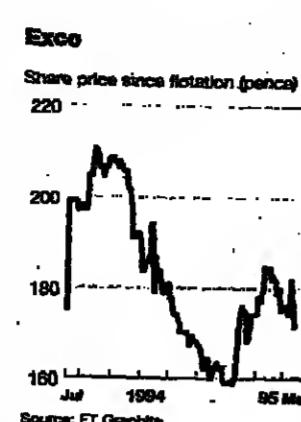
Exco, the money broker which returned to the market last summer after a long absence, reported a small increase in 1994 pre-tax profits from £41.5m to £43.5m.

The improvement in profitability, achieved on an 11 per cent rise in turnover to £234.4m, was broadly in line with expectations. But the results did not help Exco's shares. They fell 9p to 173p against last July's flotation price of 175p.

The decline was blamed on a cautious statement from the group about its prospects for 1995, and on a disappointing second half after a surge in business early in the year.

In Exco's main businesses of spot foreign exchange, money markets and derivatives, and fixed income securities, conditions were exceptionally favourable in the first few months because of economic recovery, rising US interest rates and political and economic uncertainty in Japan.

But then trading activity fell away, particularly in the Asia Pacific region, a key market, and only recovered slightly in the past few months. Mr Peter Edge, who took over as chief



Source: FT Graphics

holders have had a bumpy ride. This is not surprising, given that the money broker's revenues are tied so closely to the ups and downs of trading activity. Aside from coping with unpredictable market conditions, Exco also operates in a highly competitive field, with customers exerting persistent downward pressure on commissions. In addition, competition is increasing in foreign exchange broking - three recently launched screen-based automated trading systems have already won some business from the established voice-based brokers. Yet, despite the new entrants and the depressed market conditions, Exco had a creditable year. The sudden departure in October of Mr Sandler may have temporarily dented investors' sentiment, but it has had little effect on the underlying business. The share price is vulnerable because no one knows when, or whether, trading activity will pick up substantially. Consequently, analysts are expecting little in the way of growth this year, predicting pre-tax profits of about £44m - a multiple of just under 9. Given the unpredictable nature of its business, Exco is not for the faint-hearted.

COMMENT

Since enjoying a quick premium after the company was floated in July, Exco share-

PGP launches £8.4m rights

By Tim Burt

Guinness Peat Group, the UK investment vehicle of Sir Ron Brierley, the New Zealand entrepreneur, launched an £8.4m rights issue after reporting a sharp fall in profits.

The company, which saw pre-tax profits tumble from £27.7m to £8.42m, blamed the decline on a poor performance by Tyndall Australasia - its partly-owned life assurance and fund management group - and said it needed fresh capital to pursue some "exciting investment projects".

Sir Ron admitted the figures were "somewhat disappointing", adding that the group

had been hit by difficult market conditions. "Our substantial equity portfolio must inevitably be adversely affected in such circumstances," he said.

Investment income fell to £5.33m (£49.7m) and operating profits to £7.5m (£23.7m). Turnover, however, increased from £39.7m to £59.7m, including £6.49m from acquisitions and £34.00m from disposals.

PGP also invested heavily in the UK and Australasia, acquiring a 25 per cent preference shareholding in Wembley, the stadium group, and the entire capital of fund manager Nixon Guardian Trust.

Mr Blake Nixon, executive director, said the rights issue

would enable the company, which includes stockbroker Brown Shipley, to expand its portfolio. "We feel there are some good value prospects on the market," he said.

The 1-for-10 rights issue - the second in consecutive years - has been priced at 20p, a 28 per cent discount to yesterday's 28p closing price. The announcement came after the market closed.

Earnings per share, fell from 3.23p to 2.25p and the dividend was passed again. Mr Nixon predicted that the benefits of new acquisitions should enable the group to pay a dividend in 1996, the first since Sir Ron took control in 1991.

Warning slices 17p off Chieftain shares

Shares in Chieftain Group tumbled 17p to 35p yesterday as the USM-quoted fireproofing and insulation group warned that pre-tax profits for 1995 would be below the £275,000 achieved in 1994.

A week ago the group announced a turnaround to profit from losses of £372,000, thanks to recovery continuing in the second half. The directors said those results had been achieved against a background of improving demand in some sectors but extreme pressure on margins overall.

Mr Stan Elliott, finance director, said the group was confident there would be progress in turnover terms - in 1994 turnover declined to £9.77m (£12.6m) - but added that the timing of contracts would have an adverse impact on profits.

The group said its order book currently stood at £4.35m, some way short of the 27m at this time last year.

However, it added that the value of tenders currently being issued encouraged the board to think that "further contracts of significant value

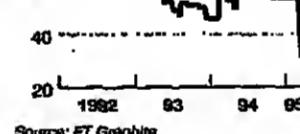
will be secured during the year".

However, these contracts will probably not be completed in 1995 and therefore, consequent profits on them are unlikely to be realised until 1996.

The board said it would review the level of dividend for 1995 once the eventual profits and earnings figures are known. In 1994, Chieftain recommended a final dividend of 1.5p for a reduced total of 3p (3.5p).

Source: FT Graphics

Chieftain Group Share price (pence)



Source: FT Graphics

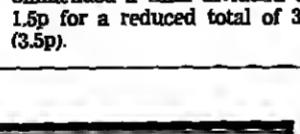
will be secured during the year".

However, these contracts will probably not be completed in 1995 and therefore, consequent profits on them are unlikely to be realised until 1996.

The board said it would review the level of dividend for 1995 once the eventual profits and earnings figures are known. In 1994, Chieftain recommended a final dividend of 1.5p for a reduced total of 3p (3.5p).

Source: FT Graphics

Chieftain Group Share price (pence)



Source: FT Graphics

Net assets fall 9% at F&C Inv

By Roger Taylor

Foreign & Colonial Investment Trust, the UK's largest, reported a fall of 9 per cent in net assets to 134.7p in 1994. The shares dropped 7.7 per cent during the year.

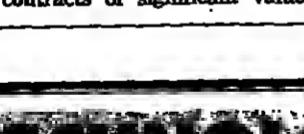
The £1.4bn trust, which has more than 950,000 investors, reduced its exposure to the UK, US and east Asia during 1994, and increased holdings in Japan. The trust has raised its borrowings to leave it with a gearing of 11 per cent.

During 1994 the trust borrowed yen to invest in UK gilts, in the belief that the yen would be weaker than the pound. This strategy failed to pay off as the yen strength ended. However, F&C said interest earned on gilts had covered the capital loss on the yen and remained confident that in due course the yen would weaken.

Mr Michael Hart, chairman of F&C Management, said he believed 1995 would be a better year. In particular, F&C expected Japanese and US shares to perform well, but remained cautious on US shares.

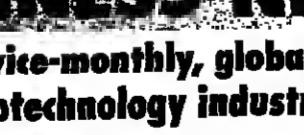
Source: FT Graphics

Chieftain Group Share price (pence)



Source: FT Graphics

Chieftain Group Share price (pence)



Source: FT Graphics

New Saatchi seeks tie with bigger partner

By Diane Summers, Marketing Correspondent

Mr Maurice Saatchi could upstage his old company next week by announcing an alliance with an international advertising network, just as Saatchi & Saatchi heralds what it hopes will be a new era with a name change and a two-thirds increase in pre-tax profits for the year.

Mr Saatchi, who was ousted as group chairman in December and has since formed a rival agency, dubbed temporarily "New Saatchi", has been in talks with several networks about a tie-up.

The Saatchi & Saatchi group is expected on Tuesday to announce pre-tax profits for 1994 of £23.1m and £23m up from £15.9m in 1993.

Revenue is likely to be broadly similar to 1993's £20.8m. The results will not have been affected by client defections following Mr Saatchi's departure - they will start to show up in the current year's figures, for which analysts have already cut forecasts.

At an extraordinary meeting on Thursday the Saatchi & Saatchi holding company will vote to gain shareholders' approval for a change in name to Cordiant, as well as the adoption of a new executive share option scheme.

Mr Saatchi's new agency has already landed business from Mirror Group Newspapers and Gallagher cigarettes. But with just a small group of staff, he needs to collaborate with a worldwide group in order to pitch for the British Airways account next month.

New Saatchi will be in competition for the £60m account with old Saatchi, as well as agencies J Walter Thompson and Bartle Bogle Hegarty.

Names that have been linked to the new agency include: Linas, part of the US Interpublic group; Publicis, the French agency; US agencies Young & Rubicam, and D'Arcy Masius Benton & Bowles.

Source: FT Graphics

Edmond says yes to £12.9m takeover bid

By Andrew Taylor, Construction Correspondent

Edmond Holdings, the regional housebuilder which ran into trouble with its institutional shareholders when it failed in a reverse takeover bid, has now agreed to be taken over itself by Roxylight Properties.

The £12.9m offer - at 25.25p a share - is conditional upon Roxylight acquiring at least 50.1 per cent of the shares. Edmond directors have agreed to accept in respect of their 19.5 per cent holdings.

Edmond's shares closed up 1p at 19p yesterday - the announcement came just after the market closed.

Roxylight, formed to mount a bid, is managed and partly owned by Mr Charles Miller, a former construction executive, and Mr Henry Gwyn-Jones, a property developer.

Other shareholders include several private property investors. The balance of the purchase price for Edmond, which has homes in the east Midlands, East Anglia, Humber-side and Yorkshire, will be provided by National Westminster Bank.

Edmond also announced pre-tax profits of £14.5m (£1.89m losses) and turnover of £13.7m (£1.1m) for 1994. The company owns or controls 1,889 building plots at an average cost of £2,100. Net borrowing at the end of December were £2.9m (£6.2m).

An attempt by Linden, an unquoted housebuilder, to acquire Edmond in a reverse takeover worth £16.1m was rejected in December by its institutional shareholders.

Source: FT Graphics

Edmond says yes to £12.9m takeover bid

By Christopher Price

Edmond Holdings, the regional housebuilder which ran into trouble with its institutional shareholders when it failed in a reverse takeover bid, has now agreed to be taken over itself by Roxylight Properties.

The £12.9m offer - at 25.25p a share - is conditional upon Roxylight acquiring at least 50.1 per cent of the shares. Edmond directors have agreed to accept in respect of their 19.5 per cent holdings.

Edmond's shares closed up 1p at 19p yesterday - the announcement came just after the market closed.

Roxylight, formed to mount a bid, is managed and partly owned by Mr Charles Miller, a former construction executive, and Mr Henry Gwyn-Jones, a property developer.

Other shareholders include several private property investors. The balance of the purchase price for Edmond, which has homes in the east Midlands, East Anglia, Humber-side and Yorkshire, will be provided by National Westminster Bank.

Source: FT Graphics

Edmond says yes to £12.9m takeover bid

By Christopher Price

Edmond Holdings, the regional housebuilder which ran into trouble with its institutional shareholders when it failed in a reverse takeover bid, has now agreed to be taken over itself by Roxylight Properties.

The £12.9m offer - at 25.25p a share - is conditional upon Roxylight acquiring at least 50.1 per cent of the shares. Edmond directors have agreed to accept in respect of their 19.5 per cent holdings.

Edmond's shares closed up 1p at 19p yesterday - the announcement came just after the market closed.

Roxylight, formed to mount a bid, is managed and partly owned by Mr Charles Miller, a former construction executive, and Mr Henry Gwyn-Jones, a property developer.

Other shareholders include several private property investors. The balance of the purchase price for Edmond, which has homes in the east Midlands, East Anglia, Humber-side and Yorkshire, will be provided by National Westminster Bank.

Source: FT Graphics

Edmond says yes to £12.9m takeover bid

By Christopher Price

Edmond Holdings, the regional housebuilder which ran into trouble with its institutional shareholders when it failed in a reverse takeover bid, has now agreed to be taken over itself by Roxylight Properties.

The £12.9m offer - at 25.25p a share - is conditional upon Roxylight acquiring at least 50.1 per cent of the shares. Edmond directors have agreed to accept in respect of their 19.5 per cent holdings.

Edmond's shares closed up 1p at 19p yesterday - the announcement came just after the market closed.

Roxylight, formed to mount a bid, is managed and partly owned by Mr Charles Miller, a former construction executive, and Mr Henry Gwyn-Jones, a property developer.

Other shareholders include several private property investors. The balance of the purchase price for Edmond, which has homes in the east Midlands, East Anglia, Humber-side and Yorkshire, will be provided by National Westminster Bank.

Source: FT Graphics

Edmond says yes to £12.9m takeover bid

By Christopher Price

Edmond Holdings, the regional housebuilder which ran into trouble with its institutional shareholders when it failed in a reverse takeover bid, has now agreed to be taken over itself by Roxylight Properties.

The £12.9m offer - at 25.25p a share - is conditional upon Roxylight acquiring at least 50.1 per cent of the shares. Edmond directors have agreed to accept in respect of their 19.5 per cent holdings.

Edmond's shares closed up 1p at 19p yesterday - the announcement came just after the market closed.

Roxylight, formed to mount a bid, is managed and partly owned by Mr Charles Miller, a former construction executive, and Mr Henry Gwyn-Jones, a property developer.

Other shareholders include several private property investors. The balance of the purchase price for Edmond, which has homes in the east Midlands, East Anglia, Humber-side and Yorkshire, will be provided by National Westminster Bank.

Source: FT Graphics

Edmond says yes to £12.9m takeover bid

By Christopher Price

Edmond Holdings, the regional housebuilder which ran into trouble with its institutional shareholders when it failed in a reverse takeover bid, has now agreed to be taken over itself by Roxylight Properties.

The £12.9m offer - at 25.25p a share - is conditional upon Roxylight acquiring at least 50.1 per cent of the shares. Edmond directors have agreed to accept in respect of their 19.5 per cent holdings.

Edmond's shares closed up 1p at 19p yesterday - the announcement came just after the market closed.

Roxylight, formed to mount a bid, is managed and partly owned by Mr Charles Miller, a former construction executive, and Mr Henry Gwyn-Jones, a property developer.

Other shareholders include several private property investors. The balance of the purchase price for Edmond, which has homes in the east Midlands, East Anglia, Humber-side and Yorkshire, will be provided by National Westminster Bank.

INTERNATIONAL COMPANIES AND FINANCE

Air France to recoup Sabena outlay

By John Riddings in Paris

Air France expects to recoup about FF19.2bn (\$202m) from the sale of its stake in Sabena, the Belgian carrier which is close to an alliance with Swissair, Mr Christian Blanc, chairman, said yesterday.

The head of the French flag carrier said agreement had been reached to sell its stake back to the Belgian government and the receipt of the proceeds was not affected by conditions attached last year by the European Commission to a FF120m capital injection from the French state.

Air France owns just over two thirds of Finacta, a holding company which owns 37.5 per cent of Sabena. Mr Blanc said the proceeds from the sale

of its stake represented the total of its investment, which was agreed in 1982.

Mr Blanc confirmed Air France was cancelling orders and options for aircraft from Airbus and Boeing. The decision, which concerns an estimated 17 aircraft, prompted an angry response when it was revealed at the end of January, particularly from Airbus, the four-nation European aircraft consortium.

Mr Blanc said negotiations were under way with the aircraft manufacturers about Air France's need to reduce its fleet. He indicated that the decision concerning the change in the orders would be based on financial and not political considerations.

Mr Blanc made his com-

ments ahead of the launch of new products and tariffs for its European operations. The new products, to be launched next week, are expected to include cabin redesigns and new seating. They will be followed in October by the launch of products for its long-haul services.

The investments for the overhauls represent about FF120m and FF150m respectively.

The Air France chief said the company was on target with its three-year restructuring plan aimed at curbing losses which totalled FF8.5bn in 1993.

Mr Blanc said the objective of reducing losses to about FF8.5bn in the 15 months to the end of March would be achieved. But he added that the company was only between

25-30 per cent of the way along the road to recovery.

Mr Blanc confirmed the French carrier was in negotiations with American Airlines and Japan Airlines about the formation of an alliance. He said that of the US carriers, Air France preferred to form a partnership with American. But he added that there was "no need to rush" in seeking to finalise an agreement.

The biggest problem facing Air France was the fall in its revenues per passenger per kilometre.

Mr Blanc said the problem was being addressed through new products and through a new computerised yield management system bought from American Airlines earlier this year.

Canal Plus reassures investors

By Andrew Jack in Paris

The chief executive of Canal Plus, the French pay-TV company, yesterday made efforts to reassure the markets about the group's financial health after unveiling unexpectedly low 1994 profits on Thursday.

Mr Pierre Lescure said the company remained in "very good health" but had over-expanded last year in a series of moves that almost halved its net income to FF626m (\$126m).

News of the results came after the Paris bourse had closed on Thursday, but caused a drop of more than 10 per cent in value of the shares yesterday and triggered their temporary suspension.

While total revenues rose 10.3 per cent to FF9.6bn, consolidated operating costs dragged net income down 47.9 per cent after a growth in programming costs relating to regulatory obligations; an increase in depreciation charges on new decoders to cut down on illegal de-scrambling of its broadcasts; and provisions for production activities.

A write-down of its loans to and shares in Caricolo, the US-based production company in which it holds a 17 per cent stake caused a FF120m exceptional charge after tax credits.

Gemina shares tumble on fears of unexpectedly heavy losses

By Andrew Hill in Milan

Shares in Gemina, the Italian investment group partly owned by Fiat by 9.5 per cent yesterday ahead of the official announcement of unexpectedly heavy losses and plans for a L525bn (\$524m) rights issue.

Gemina announced that for the 1994 calendar year it would lose about L250bn after discovering that RCS's newspapers, the publishing and media group, had lost about L30bn.

The investment company blamed the sharp fall in the shares on the leak of mistaken

information on the results to an Italian newspaper.

Gemina has a 9.9 per cent stake in RCS, which includes the Rizzoli publishing house, but only realised the extent of the loss after an RCS board meeting on Thursday.

The group said yesterday the problems seemed to be centred on the video and book subsidiaries. RCS's newspapers, the publishing and media group, had lost about L30bn.

The investment company said it would have to look at a "strategic reorientation" of the company, centred on its magazine and newspaper activities.

To help pay for the relaunch of RCS and GPT, the recently acquired Turni clothing manufacturer, Gemina said it was planning a rights issue raising an initial L1.327bn, and a further L1.99bn through the exercise of warrants.

The shares will be offered on the basis of four for every five already held, at L1.00 a share, against the closing price yesterday of L1.061, down L1.10 on the day.

Gemina's principal investors, led by Sicind, a Fiat subsidiary, with a 28 per cent stake, have said they will take up their rights.

Dasa and Nortel form alliance

By Michael Lindemann in Bonn

Daimler-Benz Aerospace (Dasa), the aviation and aerospace division of Germany's biggest company, yesterday said it would invest DM300m (\$215.8m) in telecommunications over the next five years as part of a joint venture with Northern Telecom (Nortel), the Canadian maker of telecoms hardware.

The new company will specialise in management systems for telecoms networks and multimedia technology. Dasa said it would use its expertise in satellites to develop new telecoms technology. The joint venture will build metropolitan area networks or MANs, the fibre optic communications systems which were premiered earlier this week in Germany when the city of Frankfurt announced it would build a 10km MAN.

Dasa and Nortel have equal stakes in the new venture, called Nortel Dasa Network Systems, which was first announced in January. The new company will have 600 employees and will be based mainly in Frankfurt and the

southern German town of Friedrichshafen.

Nortel Dasa hopes to sell its hardware to companies operating in buoyant telecoms markets. It will be hoping to take advantage especially of the German market, the third largest in the world, where several international alliances have been created this year, all hoping to win the right to operate a voice telephone network after the market has been liberalised early in 1998.

"This is a strategic investment in a rapidly expanding market," Dasa said.

Scottish TV at £2m after write-off

By Christopher Price

Scottish Television yesterday reported a 31 per cent fall in operating profits from £13.1m to £9.11m for 1994 and announced the sale of its outplacement service agency for a minimum of £9.6m.

The sale of Alternative International to Coutts Consulting Group involved a £7.5m write-off against goodwill and sent the station's pre-tax profits down from £13.1m to £2m. As well as the initial consideration of £9.6m, a further £3.6m, which is profit-related, could be paid over the next three years.

Scottish blamed the fall in operating profits on it being forced by an OFT deci-

sion to switch its advertising sales business between sales houses mid-year. Revenues were also affected by a dispute with Unilever.

Advertising revenue slipped 3.2 per cent to £73.5m (£75.9m) while the group's share of the market fell from 5.3 per cent to 4.8 per cent. However, the group said that a new sales house had been successfully integrated and Unilever had signed a new three-year deal.

The station forecast advertising revenue would rise by 8 per cent in the first four months of 1995.

Turnover from continuing operations slid 5 per cent to £18.3m (£125m). Earnings per share dropped from 21.29p to 11.1p, making 1.5p (nil).

losses of 3.78p after taking into account the tax charge of £3.82m (£2.81m).

The dividend is raised 13 per cent to 14.0641p (12.4102p) with a final of 11.8p (10.2533p).

• Coutts will pay £3m cash for Alternative through the issue of 3.75m new second convertible preference shares at 100p, with the balance being satisfied by the issue of 12.7m new shares to Scottish. This will give the station 27.5 per cent of the new enlarged capital of Coutts.

For 1994, Coutts reported break-even at the pre-tax level after losses of £4.89m in 1993. Turnover rose slightly to £18.9m (£18.5m). The final dividend was set at 1.1p, making 1.5p (nil).

NEWS DIGEST

Sunleigh £646,000 in the red

Sunleigh, the branded consumer products group, is paying its first dividend since 1989 despite announcing pre-tax losses of £646,000 for 1994.

The result, which compares with profits of £208,000, was after exceptional costs of £972,000 (£636,000) including an £800,000 provision against future property liabilities.

Mr Robert Updell, the chairman, said that in June, at the time of the £17.9m acquisition of MacIaren, the pushchair maker, the group had expected a fair result. However, the benefit of MacIaren's peak seasonal trading period would be seen in 1995, he added.

Turnover amounted to £24m (£15.7m), although excluding MacIaren it fell to £14.4m.

Looking ahead, Mr Updell said that provided there was some recovery in its main European markets there were grounds for remaining optimistic in 1995. This, together with its net cash of £617,000 at the year-end, had enabled the directors to propose a nominal dividend of 0.65p.

Losses per share were 0.28p (0.05p earnings). The shares rose 1/4p to 3/4p.

Forward Technology Continuing the recovery begun in 1993, pre-tax profits at Forward Technology Industries, the electronics and audio group, almost doubled in 1994, from £89,000 to £17.8m.

Last year's result was after a £696,000 exceptional charge for restructuring. However, oper-

ating profits improved from £1.34m to £2.23m, on turnover of £49.1m, against £43.8m. Sales in North America were up 60 per cent.

Earnings per share emerged at 6.2p (0.5p). A recommended final dividend of 1.5p brings the full-year payout to 2p, compared with last year's nominal single final of 0.25p.

Wellcome dividend

Following the acceptance of Glaxo's £2bn bid for Wellcome, the pharmaceutical company, a further announcement is to be made concerning the timetable and amount of Wellcome's proposed final dividend.

It has been decided that it was inappropriate to continue with the proposed marking of Wellcome shares ex the proposed final of 16p on March 13.

Wills Group

Shares in Wills Group were suspended at 14 1/4p yesterday at the company's request pending the result of talks which may lead to a recommended offer for the company and that a further announcement would be made shortly.

Its shares closed up 4p at 30p - a 15 per cent rise.

Carlisle turnaround

Carlisle Group had pre-tax profits of £1.25m for 1994, compared with a loss of £2.87m last time.

The group, which last November completed its transformation from financial services to a property investment company with a placing and open offer to fund property purchases, returned to the black at interim stage with pre-tax profits of £1m.

The timing had the effect of delaying the identification of problems with two main contracts which had been "keenly" priced in late 1993-94" reflecting the then prevailing market conditions, it said.

Carlisle Group had pre-tax profits of £1.25m for 1994, compared with a loss of £2.87m last time.

Serif losses deepen

Serif, the printing and packaging group, continued to trade at a loss during the second half as anticipated at the interim

announcement, giving increased full-year losses of £1.3m against £1.24m.

Turnover for the year to December 31 was up at £21.1m (£19.2m).

Losses per share came out at 1.7p (1.9p). The company had not paid a dividend since 1991.

Whinney Mackay-Lewis

Whinney Mackay-Lewis, the architectural practice, has been forced to place its Hoggett Lock-Necrovs (HLN) subsidiary into receivership amid mounting losses.

Mr Ian Gardner, finance director, said if the losses at HLN had continued at their current rate the parent company would ultimately have been threatened.

HLN, which specialises in out-of-town retail developments and large commercial projects, lost £269,000 in the nine months to January 31.

Albrighton trading

Shares in Albrighton fell by 17 per cent to 11.1p yesterday after the US quoted quarrying company said that trading results for the year to March 31 would be adversely affected by the late call-off of supplies by a number of customers, as indicated in the interim report in December.

The timing had the effect of delaying the identification of problems with two main contracts which had been "keenly" priced in late 1993-94" reflecting the then prevailing market conditions, it said.

Carlisle Group had pre-tax profits of £1.25m for 1994, compared with a loss of £2.87m last time.

The timing had the effect of delaying the identification of problems with two main contracts which had been "keenly" priced in late 1993-94" reflecting the then prevailing market conditions, it said.

Union Pacific pays \$1.1bn for railroad

By Richard Tomkins in New York

Union Pacific, the US freight railroad recently thwarted in its \$3.6bn takeover bid for Santa Fe Pacific, yesterday claimed a consolation prize by agreeing a \$1.1bn takeover of Chicago and North Western Transportation, the eighth biggest US railroad in terms of route mileage.

It owned 29 per cent of Chicago and North Western's stock, but it has now agreed to pay \$35 a share in cash for the rest of the company's equity.

Union Pacific's main motive for buying Chicago and North Western is to acquire control of CNW's route between Chicago and Omaha, Nebraska. The route will provide a short cut between the two points for Union Pacific's coal, grain and intermodal traffic.

The deal will allow the two companies to operate more efficiently making better use of staff, tracks and locomotives.

Earlier this week, Union Pacific won permission from the Interstate Commerce Commission, the federal railroad regulator, to exercise voting control over its 29 per cent stake and to increase its ownership to 100 per cent.

When Union Pacific first made its control application to the ICC at the end of last year, it indicated that it was not necessarily interested in a full takeover. But last month it was defeated by Burlington Northern in its bid for Santa Fe Pacific, another first division freight railroad.

The deal is the latest in a series of attempted mergers in the US railroad industry. Of the rest, one between Illinois Central and Kansas City Southern and another between Conrail and Norfolk Southern have come unstuck, and the Burlington Northern/Santa Fe deal has yet to be approved by the ICC.

We wish to expand more and more in markets outside west Europe, outside Japan. We have to be in Japan as a symbolic presence.

Mr Calvet is not so sure. He has set the target for the Peugeot group of increasing its sales outside Europe to 25 per cent of the total by the end of the decade compared with 12.4 per cent at present.

When Union Pacific first made its control application to the ICC at the end of last year, it indicated that it was not necessarily interested in a full takeover. But last month it was defeated by Burlington Northern in its bid for Santa Fe Pacific, another first division freight railroad.

The deal is the latest in a series of attempted mergers in the US railroad industry. Of the rest, one between Illinois Central and Kansas City Southern and another between Conrail and Norfolk Southern have come unstuck, and the Burlington Northern/Santa Fe deal has yet to be approved by the ICC.

We wish to expand more and more in markets outside west Europe, outside Japan. We have to be in Japan as a symbolic presence.

Mr Calvet is not so sure. He has set the target for the Peugeot group of increasing its sales outside Europe to 25 per cent of the total by the end of the decade compared with 12.4 per cent at present.

When Union Pacific first made its control application to the ICC at the end of last year, it indicated that it was not necessarily interested in a full takeover. But last month it was defeated by Burlington Northern in its bid for Santa Fe Pacific, another first division freight railroad.

The deal is the latest in a series of attempted mergers in the US railroad industry. Of the rest, one between Illinois Central and Kansas City Southern and another between Conrail and Norfolk Southern have come unstuck, and the Burlington Northern/Santa Fe deal has yet to be approved by the ICC.

We wish to expand more and more in markets outside west Europe, outside Japan. We have to be in Japan as a symbolic presence.

Mr Calvet is not so sure. He has set the target for the Peugeot group of increasing its sales outside Europe to 25 per cent of the total by the end of the decade compared with 12.4

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday March 11 1995

Currency tempests

They are good news for headline-seeking journalists and profit-seeking traders, but currency upheavals are unpopular with everyone else. Businessmen detest uncertainty; central bankers hate looking ineffective; and economists dislike events that almost always fail to predict and usually cannot explain. But this does not mean anything effective will be done about the turmoil.

Since the beginning of the year the dollar has devalued by about 9 per cent to 10 per cent against the D-Mark and the Japanese yen. It would appear from this that dollar weakness is the culprit, as so many have assumed. Yet that is not so clear. One reason is that the yen's true relative strength is certainly being masked by intervention: between March 1993 and January 1995, the Japanese currency rose from Y118.6 to the US dollar to Y99.9, while Japanese foreign exchange reserves have risen by \$53bn. Over the same period German reserves rose only \$8bn. They may have soared during periods of ERM tension, but were spent shortly thereafter.

One reason for this marked difference is that the yen has been consistently far stronger than the D-Mark. Indeed, since the Louvre accord in early 1987 - when dollar weakness first became a serious concern after the prickling of the dollar bubble of the early 1980s - the yen has appreciated 68 per cent against the dollar, while the D-Mark has risen only 29 per cent.

True, the trade-weighted exchange rate of the US dollar has fallen 5% per cent since the beginning of the year, but its depreciation since February 1987 has only been 18 per cent, while the dollar's effective exchange rate has oscillated within a fairly narrow band for much of the past eight years. Similarly, the trade-weighted exchange rate of the D-Mark is only 16 per cent higher than in February 1987. The exception is the yen, whose trade-weighted effective exchange rate has risen 59 per cent over this period.

Serious error

Unless attention is focused narrowly on the last month or two, it is quite misleading to prize only dollar weakness. Yen strength is far more obvious. Partly for this reason, it would be a serious error to focus exclusive attention on the need for action by the US alone.

It is, in any case, always more difficult for managers of depreciating currencies to achieve stabilisation than for those in charge of appreciating ones. The former will ultimately run out of foreign exchange reserves, while there may also be no reasonable interest rate at which outflows can be reversed - as Mexico is learning, to its great cost. But the exchange

rate can always be stabilised by the central bank of a country experiencing currency inflows, because it can create its own currency without limit.

Yet the fundamental reason why the task of stabilisation should be shared is that the actions that would be required of any one country may be destabilising not just for its own economy, but - in the case of the three large economies - for the world as a whole. At present, there may be a case for tighter US monetary policy, strengthened by yesterday's numbers on employment, but it is not all that decisive. But there is a still stronger case for Japanese monetary relaxation. Imposing the burden of stabilisation on the US alone would be both unreasonable and unwise.

Co-ordinated action

Unfortunately for those who believe stabilisation to be desirable, effective co-ordinated action - as opposed to jawboning, combined with leaning against the market winds - is still less plausible than decisive action by a single country. The three main participants must first agree that currency stabilisation is desirable; they must agree that the required policy actions are sensible; and, last but not least, they must view those agreed actions as domestically feasible.

Elephants might also fly. At present, for example, the US would have to tighten monetary policy, while the Germans and Japanese would have to take the opposite course. All would have to buy dollars, the US by use of its own foreign currency and gold reserves, the other two by printing their currencies. It is conceivable that the US and Japan would agree such actions were appropriate. But the Bundesbank would not, because it would view the required action as domestically destabilising. It would almost certainly be right to do so.

Furthermore, in making the domestic economy a priority over stabilisation of their currencies, the US, Japan and Germany are not just being whimsical or obtuse. Their economies are either rather closer to trade with the ratios of trade to GDP being only about 16 per cent for the US and Japan, or they do much of their trade with their immediate neighbours.

Whether or not currency instability is indeed undesirable, nothing effective will be done about it. The most one can hope for is for each of the big three to stabilise domestic inflation at low levels and keep fiscal deficits both small and stable. For the rest, exchange rate instability is something that people just have to live with, like the weather.

The US dollar was on special offer this week. With the American currency reaching historic lows against the yen, so many Japanese customers sought to buy dollars at bargain prices that one Tokyo cash dispenser ran out of dollar notes.

The dollar's decline is part of a long-term trend that dates to the Plaza agreement of September 1985, when the leading industrial countries agreed to take action to depress the overvalued US currency. Back then, it bought nearly three D-Marks and more than 240 yen; this week, it can barely buy 1.4 D-Marks and 90 yen.

To the average consumer outside the US, the dollar looks like a bargain. Adjusting the last Economist Big Mac index (conducted in April 1984) for recent exchange rate movements, a McDonald's burger costs just \$2.30 in the US, compared with the equivalent of \$3.30 in Germany and \$4.34 in Japan.

In the short run, as this week's events have shown, foreign exchange markets pay little attention to such issues as the relative prices of consumer goods. Capital flows and investor sentiment, both of which sometimes tend towards panic, often override fundamental value.

Although the past week has lacked some of the drama of the 1992-93 crises in the European exchange rate mechanism, the turmoil has been on a wider front. The dollar has joined several European currencies, including sterling, in reaching all-time lows against the D-Mark. But while the US currency has also dropped to a post-war low against the yen, it has strengthened against the currencies of its main trading partners, the Mexican peso and the Canadian dollar.

Exchange rates are an expression of the value of two currencies, not just one; the recent turmoil has been caused by the strength of the D-Mark and yen as much as by the dollar's weakness. But the focus has been on the dollar, as the world's most heavily traded currency.

Its troubles can be traced to the Mexican crisis in December. The \$20bn US aid package following the collapse of the peso left markets with the impression that the US would pick up the tab for the problems of its southern neighbour.

It also marked a turning point in bringing home the dangers of investing in high-risk areas, particularly countries with high current account and budget deficits. In the early 1990s, said Mr Nick Knight, analyst at Nomura, investors followed the "Star Trek" strategy of boldly going where no man had gone before. This year, global investors are mainly concerned with avoiding risk. The D-Mark has benefited because of the Bundesbank's long-term reputation as a stable bulwark against inflation.

Furthermore, in making the domestic economy a priority over stabilisation of their currencies, the US, Japan and Germany are not just being whimsical or obtuse. Their economies are either rather closer to trade with the ratios of trade to GDP being only about 16 per cent for the US and Japan, or they do much of their trade with their immediate neighbours.

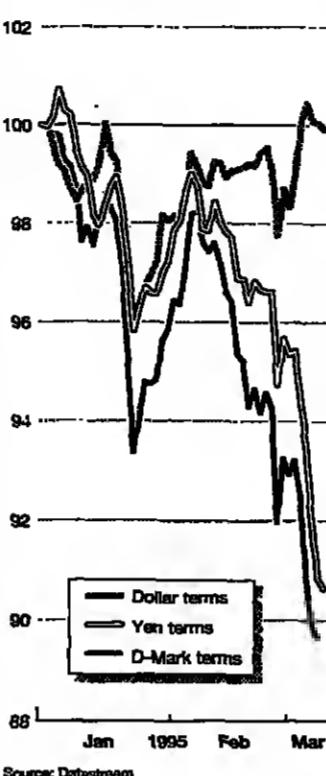
Whether or not currency instability is indeed undesirable, nothing effective will be done about it. The most one can hope for is for each of the big three to stabilise domestic inflation at low levels and keep fiscal deficits both small and stable. For the rest, exchange rate instability is something that people just have to live with, like the weather.

Dollar at bargain basement prices

Philip Gavith and Philip Coggan assess why the US currency fell and explain who has gained and lost from the turbulence

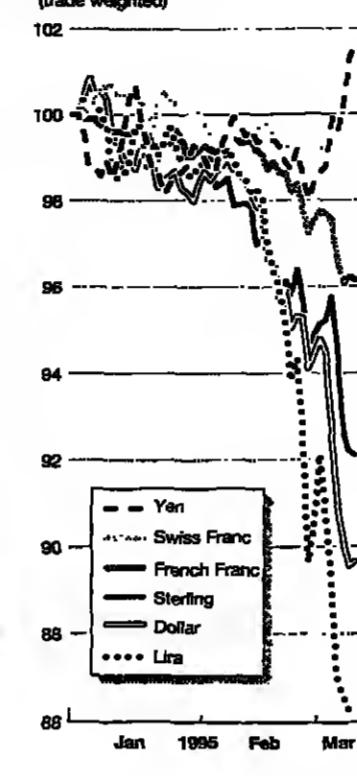
World markets: the flight from risk

FT-A World Index

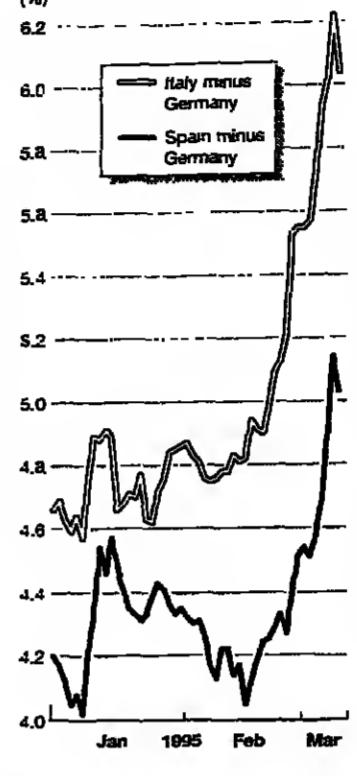


Source: Datastream

Indices relative to the D-Mark (trade weighted)



Long bond yield differential (%)



Illustrated last weekend by the devaluations of the Spanish peseta, and Portuguese escudo, respectively by 7 per cent and 3 1/4 per cent, within the European exchange rate mechanism.

The two devaluations came immediately after the failure of concerted intervention by 17 central banks on March 3 to support the dollar. The banks acted after the US balanced budget amendment had failed to pass in the US Senate and rumours about large-scale sales of US assets by Japanese investors had prompted heavy dollar selling. The inability of the central banks to stem the dollar's decline, either through intervention or via supportive statements, and the two devaluations, were the trigger for this week's turmoil.

While Mexico was the immediate catalyst for the dollar's fall, the US currency also suffers from the deeper problem of a long-running current account deficit.

Furthermore, in recent years, US pension and mutual funds have tended to diversify their assets by investing in overseas equities and bonds: to do this, they have sold dollars, to buy assets denominated in foreign currencies. The effect of these two trends has been to increase the supply of dollars, relative to demand, driving down the price. In addition, overseas holdings of dollars have been increasingly in

the form of short-term deposits, making the US currency vulnerable to sudden changes in sentiment.

To the person on the Clapham omnibus or the Tokyo-Osaka bullet train, the turmoil in the markets often seems remote and of little importance. But the following are affected:

• Tourists and shoppers - a hotel room in Florida costs a German couple about 20 per cent less

To most people, the turmoil in the markets often seems remote and of little importance

D-Mark terms than a year ago. This week, German tourists were reported to be buying dollars in 15 times the normal volume at one Munich bank. And while US tourists may find European holidays more expensive, trips to Mexico will be cheaper.

For UK tourists, it is now more expensive to visit most European countries and Japan, but cheaper to travel to the US and dollar bloc countries. German and Dutch shoppers should find profitable opportu-

nities for bargain-hunting in neighbouring countries with less buoyant economies.

• The US economy: Mr Carl Weinberg, chief economist at High Frequency Economics in New York, says the weaker dollar is "good for America, it's good for us guys." The increased competitiveness of US goods in Europe will be a welcome antidote to the fall in US exports to Mexico and Canada, its main export markets, that will follow the greater falls in their currencies.

• The Japanese economy. While Japanese exports have diversified into Asia, and are less dependent on the US economy than in the mid-1980s, it is possible that the yen's strength, added to the effects of the Kobe earthquake, could halt the faltering recovery.

• Citizens of high debt countries such as Spain and Italy. The difference between government bond yields in indebted countries and those in Germany has widened substantially in recent weeks. When yields rise, the cost of government borrowing increases, making it even more difficult to tackle the budget deficits without substantial cuts in public services.

• International investors. Wall Street has been fairly strong this year, with the Dow Jones Industrial Average passing the 4,000 mark. However, most world stock markets have been weak: in Paris, the

CAC-40 index dropped to its lowest level since December 1992, while emerging market indices have been badly battered by the fall-out from Mexico. The FT World Index of shares looks stable in dollar terms this year, but only because the US currency has been so weak. A yen or D-Mark based investor in the index has suffered losses of about 10 per cent so far this year.

Are any of these problems sufficiently serious to require, or expect, an official response? One of the factors behind recent dollar weakness has been the market perception that nobody cares sufficiently to take action. The Clinton administration is still identified with the weak dollar policy of its first two years - designed to lower its current account deficit with Japan. The US Federal Reserve has no tradition of raising interest rates to help the dollar. Recent Fed utterances have reinforced the view that domestic economic considerations remain paramount.

A similar domestic focus is apparent at the Bundesbank. It remains committed to a strong D-Mark as a central pillar of its anti-inflationary policy, and has shown little inclination to cut interest rates to help foreign governments, especially when it believes such countries must first put their own house in order.

The Bank of Japan, however, has been much more vocal in its protestations about the effects of the stronger yen. Japanese companies have increasingly been siting plants abroad in response to the yen's appreciation. One way of weakening the yen would be to cut Japanese interest rates. However, the Japanese authorities are nervous about doing so for fear of repeating the mistakes of the mid-1980s when excessively loose monetary policy led to an asset price bubble.

The alternative approach would be sustained foreign exchange intervention, selling yen to buy dollars would loosen policy by boosting the amount of yen in the domestic economy. However, as recent events have shown, foreign exchange intervention is notoriously unsuccessful in moving markets in the absence of supportive economic policy changes.

Many observers believe the US dollar's long-term structural decline, and the problems of European countries such as Spain and Italy, can be arrested only by policies that address their budget and current account deficits. Considerable doubt remains as to whether the political will exists to take on these tasks.

In the shorter term, the best hope seems to lie with the Fed. Some analysts think that the Fed will be forced to raise rates because the lower dollar will add to US inflationary pressure. In any case, signs of continued economic strength may yet persuade the Fed to act, especially if the February inflation and retail sales data - released next week - show signs of inflation or economic buoyancy.

Higher US rates, by boosting the dollar against the D-Mark, might take the pressure off the weaker currencies in Europe. It could also help bond markets to rally by soothing inflationary fears.

However, even without a Fed rate rise, the enthusiasm to buy the dollar shown this week by Japanese and German consumers may signal that the market has gone too far, and the turning point could be in sight.

Many observers believe the US dollar's long-term structural decline, and the problems of European countries such as Spain and Italy, can be arrested only by policies that address their budget and current account deficits. Considerable doubt remains as to whether the political will exists to take on these tasks.

In the shorter term, the best hope seems to lie with the Fed. Some analysts think that the Fed will be forced to raise rates because the lower dollar will add to US inflationary pressure. In any case, signs of continued economic strength may yet persuade the Fed to act, especially if the February inflation and retail sales data - released next week - show signs of inflation or economic buoyancy.

Higher US rates, by boosting the dollar against the D-Mark, might take the pressure off the weaker currencies in Europe. It could also help bond markets to rally by soothing inflationary fears.

However, even without a Fed rate rise, the enthusiasm to buy the dollar shown this week by Japanese and German consumers may signal that the market has gone too far, and the turning point could be in sight.

central bank's defence of the peso could become self-fulfilling and lead to a Mexican-style collapse of the currency, government supporters have hastened to correct popular misconceptions.

"I have yet to hear a serious or respected economist argue that there is a parallel between the Philippine and Mexican economies," says Mr Howard Handy, Manila representative of the International Monetary Fund, which approved a \$650m, three-year credit facility for the Philippines last June. "The Philippine economy is in good shape and looks set to improve."

Annual inflation in the Philippines has fallen sharply to 5.1 per cent in February from more than 9 per cent last year, while the budget surplus of 1.2 per cent of GNP last year (admittedly boosted by privatisation proceeds) would place the economy ahead of most European Union countries trying to meet the Maastricht convergence criteria for a single EU currency.

Only 25 per cent of Philippine government external debt is held in short-term maturities, indicating the debt is manageable. Annual debt-service obligations, at 16 per cent of export earnings, are half as burdensome as those of Mexico.

Manila's high-performing stock exchange has also been relatively steady. The index rose by 133 per cent in 1993, and came out of last year's emerging markets decline in better shape than many competitors: the index fell only 13 per cent last year, and has again dropped 13 per cent this year.

But the Philippines is not immune to the kind of currency market volatility that has shaken stronger economies elsewhere.

Only the most bullish economists express any certainty that the Philippines - or other developing economies such as Argentina and Indonesia - will emerge from the continuing "flight to quality" unscathed.

"While it is no problem for me to say that the Philippine economy is sound," says the IMF's Mr Handy, it would be impossible to predict what market psychology might dream up next. Look at the US dollar."

Edward Luce on Philippine efforts to stave off the 'tequila syndrome'

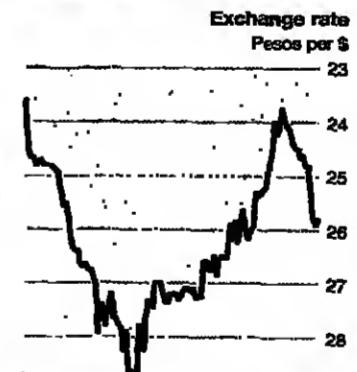
A very different sort of peso

Philippines: hit by emerging markets turmoil

Stock market
Manila Composite Index



Exchange rate
Pesos per \$



Source: Datastream

Our aim is to allow the peso to achieve its natural market-determined rate but we will act to curb excessive speculative fluctuations," he said.

Adding to pressures on the government, several economists predict the Philippine trade deficit will rise by 25 per cent in 1995, leading to possibly drastic penalties on the foreign exchange markets. "If the trade gap reaches \$10bn the currency could depreciate massively," says a recent paper by Asia Equity Securities, a regional brokerage house.

Government officials point out that Philippine imports - in contrast to Mexico's consumer-driven deficit - are largely made up of capital equipment and raw materials, reflecting the country's growing industrial export base. They add that the Philippine current account deficit, at 4.5 per cent of GNP, is about half the level of the Mexican deficit when the Mexican peso was devalued last December.

Mr Fidel Ramos, the Philippine

president, is on a European tour for what he calls "economic diplomacy" - persuading foreign investors the Philippines is finally embarked on a serious reform programme after years of corruption and mismanagement.

"New anxieties and doubts have surfaced about emerging markets," he told Dutch executives in Amsterdam. "I ask you to open your minds to the fact that in two and a half years we have substantially changed the economic environment for the better."

Government officials point out that Philippine imports - in contrast to Mexico's consumer-driven deficit - are largely made up of capital equipment and raw materials, reflecting the country's growing industrial export base. They add that the Philippine current account deficit, at 4.5 per cent of GNP, is about half the level of the Mexican deficit when the Mexican peso was devalued last December.

Alarmed that criticisms of the

THIS
SAYS
IT
ALL...

FLEMING WAY
DISTRIBUTION CENTRE
Crawley, Sussex

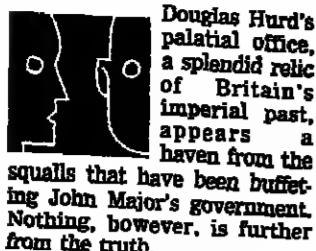
A managed distribution warehouse facility
close to Gatwick Airport and the M23/25

74,500 SQ FT REMAINING
TO LET

For further details and the information pack
call one of the numbers below

STILES HAROLD WILLIAMS 01293 548331
WALTER BULL & CO 0181 297 8150 / HILLIER PARKER 0171 629 7666

11/11/95



Douglas Hurd's palatial office, a splendid relic of Britain's imperial past, appears a haven from the squalls that have been buffeting John Major's government. Nothing, however, is further from the truth.

Mr Hurd, as the minister responsible for establishing UK policy for next year's inter-governmental conference (IGC) on the future of the European Union, has been at the heart of the storm over EU policy which threatens to tear apart the government.

If that were not enough to induce a fit in most ministers, the foreign secretary has also unleashed the potential for a Foreign and Commonwealth Office revolt, by initiating a review of the way the UK government uses its resources "in the world" - a scrutiny of everything from ambassadorial representation to the BBC World Service.

But in his aloof detachment, Mr Hurd - an old Etonian - is a bit of a throwback to the Conservative party's patrician, "one nation" past. He surveys the rich assortment of dilemmas with a donnish good humour.

There is only one issue - the war in the former Yugoslavia - on which he even suggests pessimism. While believing that the basis for a settlement may exist in Croatia, on Bosnia he says: "I am more worried. We have not yet got the peace process going in a

way that is hopeful."

Mr Hurd is surprisingly sanguine when discussing the process of formulating a policy on the EU behind which the Conservative party can unite. "We have a problem in the parliamentary party [on European policy] and a problem among Conservative activists, no doubt about that," he says.

But speaking as the member for Witney [near Oxford] - and not as foreign secretary - I should point out I have had 2,000 letters on education this year and about 10 on Europe.

"I hope that we can now have a bit of a pause [in the party war]," he says. "We have no particular European legislation we need to get through... no particular reason why we should have any great tumult over the next few months."

The next important event in the European calendar is the Cannes summit of EU leaders in June. Mr Hurd hopes that, by then, the government will have worked out its negotiating position for next year's IGC.

That could be the trigger for the next great battle inside the Tory party, since - according to Mr Hurd - the prime minister will need to give a thorough public airing to his IGC

proposals and seek parliamentary approval for them.

Mr Hurd is better placed than most ministers to carry off the miraculous feat of uniting the pro and anti-EU wings of his party. Though previously regarded as an EU enthusiast, he portrays himself as the champion of the status quo. "We will try to preserve the present architecture of the EU, which actually suits us by and large," he says.

All the UK's IGC suggestions will share two aims: facilitating the enlargement of the EU - from 15 members to a possible 25, as the economic and political reform programmes pursued by eastern European countries bear fruit - while preventing any further transfer of national powers to EU institutions.

There is, however, a danger that, by tailoring a policy to keep the Tory party united, the UK may once again become alienated from the rest of Europe. And other governments, notably Germany's, believe that the UK's twin aims are incompatible.

That could be the trigger for the next great battle inside the Tory party, since - according to Mr Hurd - the prime minister will need to give a thorough public airing to his IGC

against other EU members. To avoid this, the UK seems likely to spin out the IGC's proceedings for as long as possible - and to defer the thorniest questions until after the election. Mr Hurd says he "would not be surprised" if the IGC lasted two years.

On the separate - and poten-

tially most explosive - European question of whether sterling should join a single EU currency at the turn of the century, Mr Hurd and the prime minister have been pursuing a parallel policy of prevarication: not ruling it out, not ruling it in.

Mr Hurd fully expects this

Compared with the tactics of his political enemies in the Conservative party, any opposition he meets from civil servants in his review of how the government uses its worldwide resources will appear tame. This review was initiated late last year and will reach an important milestone with an international conference later this month.

"What we are trying to do is sort out more clearly in our minds and the public's minds what we mean when we say we are a European power with a global reach - what the global bit is," Mr Hurd says.

It is not a question of whether "we [the UK] are punching above our weight", but rather one of "measuring your weight, using the power which your weight gives you", he says.

Almost every method by which the UK secures influence in the rest of the world will be examined. That includes the BBC and broadcasting in general, the British Council, the use of British troops to train foreign armies, the teaching of foreign students at UK universities and the Department of Trade's promotion of British exports and technology.

According to Mr Hurd, there

Douglas Hurd, UK foreign secretary: portrays himself as the champion of the status quo

Ashley Alderson

Measured punches within the EU

Not all eyes are smiling

Jurek Martin on the dispute over Gerry Adams's US trip



Clinton (left) and Adams will meet at a crowded reception

ish public opinion if he were photographed shaking hands "with the president of the greatest democracy on earth". He added that Sinn Féin was inextricably tied to the IRA.

Conspiracy theorists on both sides of the Atlantic have suggested that Sir Patrick's words should not have been taken at face value and that his most important message, also voiced here, was that the UK was prepared to soften the terms under which the decommissioning of IRA arms would be on the negotiating table. Certainly that message - and Adams's positive response to it on Thursday - was the principal reason cited by the White House for giving him a three-month visa, with no funding restrictions and access to the highest levels of government in Washington.

But if this can be seen as an inevitable progression, it has exacerbated tensions between Washington and London. When a senior administration official explained the Adams visa decision on Thursday, she was at pains to outline in some detail why the US had done so, adding, almost dismissively, that the British and Irish governments had merely been kept "informed".

On the surface, the US action seemed the clearest of rebuffs to Sir Patrick Mayhew, the UK minister responsible for Northern Ireland, who, while in Washington on Monday and Tuesday, had induced no words about the conditions that Britain would like to see imposed on Adams's next visit. He hoped that Adams would not be permitted to engage in fund-raising and said that it would be "dismaying" to Brit-

ish public opinion if he were photographed shaking hands "with the president of the greatest democracy on earth". He added that Sinn Féin was inextricably tied to the IRA.

Conspiracy theorists on both

sides of the Atlantic have

suggested that Sir Patrick's words should not have been

taken at face value and that

his most important message,

also voiced here, was that the

UK was prepared to soften

the terms under which the

decommissioning of IRA arms

would be on the negotiating

table. Certainly that message -

and Adams's positive response to it on Thursday - was the principal reason cited by the White

House for giving him a three-

month visa, with no funding

restrictions and access to the

highest levels of government

in Washington.

Some go so far as to suggest

an informal agreement

whereby the UK is content to

have the US draw the fire of

British and Protestant outrage,

if it means that violence

remains minimal and Sinn

Féin is locked in to the peace

process, ultimately dragging

the IRA along.

Surge of hope for animals

From Mr Jerry Elmore Layne.

Sir, Re Mr Alan Clark's article, "The last days of the meat trade" (March 4/5), there is a tremendous "surge" rather than a "cringe" of hope for the outrage in the UK against killing/slaughtering animals for their meat.

In the US the challenge to the injustices are fought, but the real winner is the wide spectrum of those who totally disregard the abuse and suffering of animals.

Where I live, deep in central Texas, the cattle business is brutal! The hours upon hours

that cattle are transported

without water and in cold or

hot, humid weather is terrible.

Only one state - California -

has introduced a law to pre-

vent fallen, sick animals at

stockyards and slaughter-

houses from being dragged to

their death or left in the cold

and heat till they die.

We, many Americans, will

continue to fight to stop the

practitioners of cruelty. We

must all understand that ani-

mals have hearts too.

Jerry Elmore Layne,

2506 Hilltop Drive, #409,

Waco, Texas 76710-1004 US

able to that operation.

A fairer use for this £24m

may be to repay more to the

hard-done-by bondholders who

are set to lose up to £55m on

what was a AAA-rated loan. I

am sure employees can eke out

an existence on a bonus of up

to 70 per cent more than the

average UK citizen's total annual wage.

Stephen Crotton,

99 London Road, Twickenham, Middlesex, UK

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "line").

Translation may be available for letters written in the main international languages.

Littlechild: the price of industry regulation

From Ms Ruth Evans.

Sir, If it has achieved nothing else, the decision by Professor Stephen Littlechild, the electricity industry regulator, to reopen last summer's review of electricity prices has undermined the complacency which had existed in the industry.

Just as the Trafalgar House bid for Northern Electric revealed to the regulator the full scale of the financial resources available to the regional electricity company, the threat of tighter price controls has led all the regional companies to admit there is scope for more generous rebates to consumers than have been offered so far ("Electricity companies consider £25 rebate for customers", March 10). The National Consumer Council has been saying this for some time.

The companies' response is clear evidence, if any more

were needed, that Professor Littlechild was right to take a second look at electricity price controls, regardless of the timing of the announcement.

Regional electricity companies are monopoly suppliers of an essential service. It is vital that the regulator intervenes if there is scope to suggest the companies' captive consumers are facing excessive charges.

The regulated utilities can learn a simple lesson from this week's events. The risk of regulatory intervention is a problem only for companies which do not give a fair deal to their captive consumers.

Ruth Evans,
director,
National Consumer Council,
20 Grosvenor Gardens,
London SW1W 0DE, UK

From James Buckley.

Sir, Whatever the legal aspects that John Major pur-

ports to have sought advice on in connection with Professor Littlechild's bombshell ("Major says legal advice sought before power sale", March 10), one fact is indisputable. The knowledge that he or his department had the possibility of this announcement and its content was material to the valuing of the shares. This would, without doubt, have been a vital factor in the calculation of the price that the institutions were prepared to bid.

In my world, non-publication of such material information in circumstances such as this would merit an immediate Stock Exchange inquiry and a possible charge of trading with inside information.

At the least, the government could admit to gross stupidity and at best could make a tangible effort to redress the injustice. Mr John Cribb (Letters, March 9) was quite right stat-

ing that Professor Littlechild should reconsider his position. So should the government, without delay.

James Buckley,
chairman,
Cape & Sons, stockbrokers,
Lockgate House,
Rushmore, Bedford Road,
Northampton NN4 7YB, UK

From Mr Paul Sandler.

Sir, Sabotage or gross negligence on the part of Professor Littlechild (Mr H. Hornsby, Letters March 8) indeed. How can we possibly trust a regulator who operates under the impression that power companies should be run for the benefit of anyone other than the shareholders and directors? It's a nice little share issue, if only those damn customers wouldn't interfere.

Paul Sandler,

3/45 Compagnie Gardens,
London NW6 3DB, UK

Too early to judge results of Russian market reform

From Prof Richard Layard.

Sir, Martin Wolf and Christy Freeland ("The long day's journey to market", March 7) argue that in post-Communist countries privatisation is not that important, compared with liberalisation. As evidence, they point out that Russia has embarked on the most ambitious mass privatisation programme of all those countries. Yet, they claim, this has not transformed the country's economy. By contrast Poland and Hungary have yet to launch mass privatisation programmes, but the genuinely private sector in these countries is larger.

The key fact about Russia is that gross domestic product is going ahead fast. Moreover, Russia's factory managers have not accumulated massive inter-factory debts, all the while counting on the government to bail them out. The average delay in paying suppliers is rather less than in western Europe, and most bailouts go to agriculture, coal or defence - and not to privatised industry.

The dynamic market economy, based heavily on rugged owner managers. On top of this Russia has remarkable natural resources. The combination of rapid privatisation and ample resources makes it likely that in due course Russia will outstrip Poland.

Richard Layard,

London School of Economics,
Houghton Street,
London WC2A 2AE

are two objectives. One is to "get a little of the public's confidence back". He is concerned that support for the Foreign Office among the general public is "not what it could be".

The second aim is to ensure that "within the public sector... resources are going in the right places". To that end, the Foreign Office is examining the costs of its worldwide operation. It is already eliminating 500 support jobs over three years.

But Mr Hurd expects the changes to be less sweeping than those achieved by the Treasury's recent internal review of its management structure. "Unlike most government departments, we have a system of permanent inspection, so we won't fine people who have been just sitting doing the same thing for 20 years."

His tenure at the Foreign Office is a subject of speculation at Westminster. The Eurosceptics are trying to force him out, in the hope they can capture one of the high offices of state in recognition of what they see as their dominant position

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Please call
Jeremy Nelson on
071 873 3447
for information and a brochure
or fax him on 071 873 2272

INSURANCES

Selling Price	Buying Price	Margin	Trade Status
------------------	-----------------	--------	-----------------

John M. Holt

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

Unit	Price	Index	Yield	Date	Unit	Price	Index	Yield	Date	Unit	Price	Index	Yield	Date	Unit	Price	Index	Yield	Date	Unit	Price	Index	Yield	Date
Life																								
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				
Life					Life					Life					Life					Life				</

WORLD STOCK MARKETS

WORLD STOCK MARKET INDEXES											
NORTH AMERICA			EUROPE			ASIA			JAPAN		
UNITED STATES (Mar 10 / US\$)			NETHERLANDS (Mar 10 / Frl)			NETHERLANDS (Mar 10 / Frl)			NETHERLANDS (Mar 10 / Frl)		
(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)	(3 yrs)
AMR	131	141	Dresser	202	213	167	33	165	196	190	140
AMP	37	41	DuPont	52	55	51	134	118	108	100	90
AMR	61	67	Dunkirk	52	55	49	142	124	118	110	100
ASA	40	45	Eastman	52	57	24	139	114	108	100	90
AT&T	35	38	Eastman	45	47	38	24	24	21	20	18
Accent	35	38	Eastman	45	47	38	24	21	20	18	16
AppliMic	33	37	Eastman	45	47	38	24	21	20	18	16
Atmel	38	41	Eastman	45	47	38	24	21	20	18	16
Atmel	17	19	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch	40	43	Eastman	45	47	38	24	21	20	18	16
Arch	16	18	Eastman	45	47	38	24	21	20	18	16
Arch</											

Dravo 10-5

To subscribe to the FT call Europe: + 49 69 156 850

Asia/Pacific: + 81 3 3295 17 11 USA/Canada: + 1 212 752 4500

now

PARIS

100

104

100

100

1000

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Telsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4.2(a) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

British Funds, etc

Tuesday 13/3/95 2000003 - C120 1203 122 (7M95) Exchange 104% Stk 2006 - E112 (3M95)

Corporation and County Stocks

Brentwood Corp 3% Stk 1946 exp after - C26 (7M95)

Brentwood Corp of 11% Red Stk 2000 - E154 (7M95)

Dudley Metropolitan Borough Council 7% Ln Stk 2010 (RegP) - E75 (7M95)

Leicester City Council 7% Ln Stk 2000 (RegP) - E75 (7M95)

Merthyr Tydfil Corp 11% Stk 2000 - E114 (7M95)

Manchester Corp 3% Red Cons 2000 - E120 (7M95)

Nottingham Corp 3% Stk (Ind) - C30 (7M95)

Foreign Stocks, Bonds, etc (coupons payable in London)

Abbey National Savings Capital PLC 7% Gnd Subord Gnd Bds 2002 (Br £ Var) - E105 (7M95)

Abbey National Treasury Bonds 9% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 9% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds 7% Gnd Nts 1995/Br1996/2000/2000 - E395 (7M95)

Abbey National Treasury Bonds

Weekend FT

Lionel Barber
penetrates the
exclusive male
club which some
think is more
powerful than
the European
Commission

Around 10am every Thursday morning the sleek black limousines draw up outside the Charlemagne building in Brussels. This ugly concrete block, far removed from Poitiers, Waterloo, and Verdun, is the contemporary battlefield on which the nations of Europe settle their differences. Their chosen instrument is an obscure body called the Committee of Permanent Representatives.

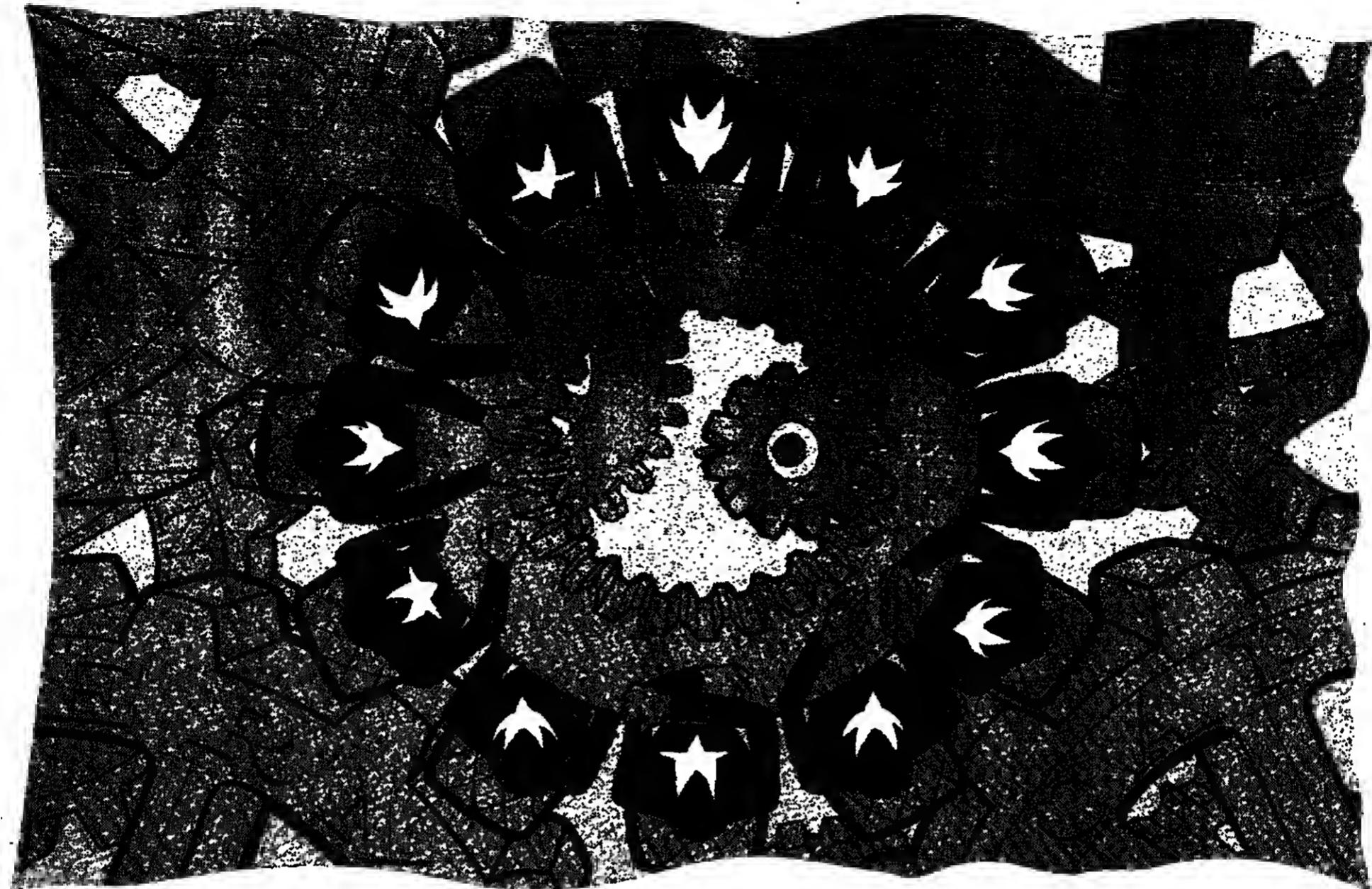
Coreper, as it is known by its French acronym, is made up of the ambassadors of the 15 member states to the European Union. Few of those attending the weekly meeting in the Charlemagne would stand out in a crowd. The exception, perhaps, is Philippe de Schouwete de Tervarent, the tall, silver-haired Belgian aristocrat born in Berlin who speaks English as if he has just stepped off the playing fields of Eton.

To observe how Coreper operates is to understand how the European Union works. It is an exclusive male club with an accent on classical diplomacy and intimate deal-making, usually over lunch. One of the best-kept secrets in Brussels is that 90 per cent of EU decisions are resolved informally in Coreper before they even reach ministers.

In the last few months, Coreper has settled the terms of a new trade pact with Russia, agreed a work-plan for the countries of central and eastern Europe to join the EU, and resolved a mind-numbing legal and financial row over how to set up an EU administration in the Bosnian town of Mostar. Its next task is to lay the groundwork for the 1996 inter-governmental conference to review the Maastricht treaty.

The European Union is a community of sovereign states with elements of supranational powers vested in the European Commission, the EU's executive arm. The European parliament, although slowly accreting power, remains a largely consultative body with powers to block rather than to initiate legislation. Coreper's position inside this power nexus is unique: it has legislative and decision-making powers. Its permanent presence in Brussels, alongside the Commission, gives it an extra edge.

As Europe's business shifts inexorably to Brussels, Coreper's role as a bridge to



The men who run Europe

national capitals will grow in importance, so too its function as a clearing-house for the Council of Ministers, the official forum for EU decision-making. Already it has spawned a second committee - Coreper I - made up of ambassadors' deputies, dealing chiefly with business issues. Yet questions are bound to be asked: is there enough political accountability, ministers in effect being usurped by an elite group of high-powered diplomats?

The ambassadors argue, correctly, that they are civil servants acting under instruction from their capitals. But such modesty is unlikely to deter critics such as Claude Cheysson, the former French foreign minister, who claims that Coreper is more powerful than the European Commission.

So who are these shadowy figures, how do they work, and why is their role in European

affairs so vital? Under protection of anonymity, a number of Coreper members agreed, for the first time, to talk about their work which is far removed from the familiar images of the EU, with its grinding bureaucracy and late-night ministerial confrontations. For Coreper is altogether a more collusive enterprise.

Like all clubs, Coreper depends on the strength of its membership. The present line-up is rich with diplomatic talent: Pierre de Boissieu, the French ambassador who is a distant relative of Charles de Gaulle and one of the intellectual forces behind the Maastricht treaty; Dietrich von Kyaw, the German ambassador born in a family of Prussian Junkers who fled the Red Army in a horse-drawn cart in the second world war; Ambassador de Schouwete, the Belgian eminence grise who is Coreper's most experienced

member; Francisco Javier Elorza Cavengt, the chunky, fast-talking Spaniard with a passion for American photorealist paintings; and Sir John Kerr, the artful Scot who is addicted to political intrigue and Benson & Hedges cigarettes.

The first challenge for a member of Coreper is to master the technical detail.

Most can navigate around Spanish fishing rights in the Irish Sea or rum quotas for former French colonies in the Caribbean. But the real test is how to assess the detail in relation to the potential impact of EU decisions.

Every day in Brussels hundreds of working groups comprised of national civil servants, technical experts, and Commission officials are

engaged in discussions on potential legislation or rule-making. "Someone needs to corral the debate, to judge each issue's importance, and to decide which must go up to ministerial level for a decision," says a diplomat, "that is Coreper's basic function."

Second, ambassadors must be able to read the intentions of other member states, particularly those behaving oddly.

When Greece intended to block EU economic aid to Albania last year, the first signals flashed in Coreper, the same applied to Italy's decision to hold EU business hostage to an increase in milk production quotas. Coreper serves as a forum for handling sensitive issues before they surface in the ministerial forum. "It all goes under the heading what the minister knows but does not say," says one diplomat.

Third, Coreper members must possess the ability to

strike a balance between the naked pursuit of national interest and the need for compromise, without which the system would eventually break down. And here a dilemma arises for the ambassador: how to preserve the trust of political masters at home while maintaining good-faith negotiations with Coreper colleagues.

True, such skills are the stock-in-trade of diplomats. But this is to underestimate the degree of complicity which lies at the heart of the Coreper enterprise.

Committee members eat, drink, and breathe EU issues seven days a week. Every six months, they and their wives go on trips - to Greek islands, to Scottish whisky distilleries, or to Goethe's home in Weimar - to cement the bonds with their colleagues. By dint of their permanent presence in Brussels, they are virtually condemned to succeed.

As ambassador von Kyaw has said, half in jest, he is known in his native Germany not as the *ständiger Vertreter* (permanent representative) but as the *ständiger Vertrater* (the permanent traitor).

To understand how Coreper works in practice, it is necessary to put aside the stereotype stories about Britain's lone war against an intrusive European Commission or Franco-

Continued on Page II

Joe Rogaly

Sex and a cardinal sin

Why religion is not strong enough to instil a new moral order

W hen I met the head of the Roman Catholic church in England some time ago I could hardly believe my ears. What I heard Cardinal Hume asking me, did I think about sex? A long rambling improvisation was offered in reply. Something like: "...by and large in favour... gives an inordinate amount of people a huge quantity of pleasure... should be kept within limits... young particularly... church's attitudes not favourably received... population explosion... AIDS... abstinence..."

The cardinal listened patiently, but with a puzzled expression.

"I was inquiring," he said "about sex."

This true account will be item one in any anthology of "moments when I slid under the table and hid". Sects, the man said. Not sex. He wanted to discuss the weird and sometimes wonderful outcrop of religious movements that attract the young and crowd the market for souls. In particular he wished to make the point that humans are spiritual beings. True, church attendances are in decline. The mainstream denominations are in danger of becoming overwhelmed by militant atheism. Yet it is in our nature to seek a transcendent meaning to life. The pros-

perity of cults, sects, is evidence of that longing.

The cardinal struck me as a particularly holy individual, a church leader who rarely ventures into politics, and then with extreme care. This week he has attracted attention for making some remarks entirely consonant with Vatican teaching, to the effect that platonic love and friendship between people of the same gender is a gift from God. "It is a mistake to presume that they must be sexually involved," he advised us. Properly, he advocated "the art of chaste loving".

The important point is not what he said, but that he felt the need to say it. Whatever word is uttered nowadays, it tends to be heard as "sex". Cardinal Hume was responding to public demand, to the need to enunciate the Roman Catholic position on homosexuality. Only with that out of the way can he hope to be attended to when he speaks of wider matters. A newspaper article last Saturday, stressing our moral responsibility to "live more simply, build community and reduce poverty" did not attract quite so excited a response as his admonition of homophobia.

The Labour leader is sup-

ported by one of his party's US-based gurus, Amitai Etzioni. Dr John Habgood, the Anglican archbishop of York has famously proposed that

marriage should be made fiscally more attractive. Cardinal

of this particular closet. Disap-

rove as I may of the above-

mentioned gang, I also believe

that children are best brought

up by two parents, one of each

gender. They need not be for-

mally married, but theirs

should be a lasting and stable

relationship. Tony Blair

thinks so as well.

The Labour leader is sup-

ported by one of his party's

US-based gurus, Amitai

Etzioni. Dr John Habgood, the

Anglican archbishop of York

has famously proposed that

marriage should be made fis-

cally more attractive. Cardinal

It is a powerful thesis, one

girls struggling on low incomes. They peep these hapless mothers with leaflets, pamphlets, booklets, learned papers, dissertations, speeches, perorations, delicate equations and rough abuse. Finally, they lynch them with ropes of verbiage. This deplorable practice, which originated in American think-tanks, has been copied in Britain.

That said, I must come out

I believe that children are best brought up by two parents, one of each gender

Hume says that "families are the natural and fundamental units upon which all societies are built".

The latter sentiment is in

the cardinal's job description.

It supports his observation

that "a healthy family is fundamentally at odds with our culture because it is radically anti-individualistic". The Chief Rabbi's voice is of the same

church. In his new book, *Faith in the Future* (Darton, Longman and Todd) Jonathan Sacks argues that the growth of the state has meant the atrophy of institutions, such as the family, in which people learn the "subtle codes of civility" they need to live closely together. "Without the modern State the modern individual could not have come into being," he writes. "The modern individual is defined by... independence from long-term commitments."

That, Dr Sacks suggests, is

why morality matters. "We

have abandoned collectivism

but not yet the individualism

which was its symbiotic partner."

As state support is with-

drawn, so single-parent fami-

lies, the unemployed, the

residents of ghettos and oth-

ers suffer. The answer is the

return of personal responsibil-

ity, self-restraint. "There are

other and more human ways

of living than instinctual grati-

fication tempered by regret."

It is a powerful thesis, one

that cannot be dismissed on the uncertain ground that its author is a "Thatcherite".

True, he cites US right-

wingers, such as Charles Mur-

ray, whose views are anathema

to us liberals. Granted, his attitude to foreign aid is not quite kosher. This does

not make him a simple-minded devotee of the 1980s.

For Dr Sacks notes that the

speeded-up disintegration of

the family, with cohabitation,

divorce and single-parenthood

rapidly becoming the norm,

"was a direct consequence of the individualism that so

marked the Thatcher years".

Wringing our hands is easy.

What to do is another matter.

The retreat of the state is

unlikely to be reversed. Socialism is well and truly done for.

Religion is not present in suffi-

cient strength to instil a new

moral order within our hearts.

The evolution of a global econ-

omy does not support the re-

institution of a nuclear family.

There are fewer jobs for men,

and not enough of the ones

that exist pay sufficiently well

to support a non-working wife-

mother and children.

Free sex may be destructive,

but it is probably indestructible.

We do not know how to be-

have, but, sadly, no tradi-

tional religious leader has

the clout to point us all in the

same direction. Only a new phi-

losophy can achieve that.

Sects, anyone?

Set in the beautiful Kent countryside, the club boasts two 18 hole courses - the Heritage Course which was personally designed by Jack Nicklaus and the International Course, created by Golden Bear and designed by Ron Kirby. Both courses are suitable for all skill levels, providing five sets of tees per hole and lakes coming into play on several holes. The greens have been built to the highest USGA

specifications ensuring firm, well drained surfaces. The courses have been designed

to take advantage of the natural contours and beauty of the Kent countryside.

The clubhouse contains a magnificent range of facilities, including a high quality

restaurant offering a range of international cuisine with a Teppanyaki bar for oriental tastes, a pro shop, spike bar and spa baths with sauna.

The London Golf Club Membership opportunities have been carefully structured

to meet the needs of individual, corporate and family members.

For further membership details please fill out the application form.

MEMBERSHIP ENQUIRY FORM

NAME: _____

ADDRESS: _____

TELEPHONE NO.: _____

PLEASE INDICATE THE APPROPRIATE MEMBERSHIP TYPE: (INDIVIDUAL / FAMILY / CORPORATE / SOCIAL)

SEND TO THE MEMBERSHIP OFFICES, THE LONDON GOLF CLUB, SOUTH ASH MANOR ESTATE, ASH, NEAR BRANDS HATCH, KENT, TN15 7EN. Tel: 01474 854466 Fax: 01474 854798

POSTAL CODE: _____

PERSPECTIVES

Waltzing back to the days of kings

Mariana Schroeder on why the Viennese are still having a ball

The ball season is almost over but Vienna does not stop dancing. Each year, the Austrian capital hosts more than 300 balls, culminating in the Opera Ball.

Attending the Opera Ball is a matter of national pride. It is a social event, a show of Austrian manners and a sentimental throw-back to days of king and kaiser. Everyone attends, from the president down.

When the evening arrives, 8,000 people hold their breath. The music stops and the two words they are waiting to hear boom out of the loud speakers: "Alles wälzer!" Roughly translated, it means "everyone waltz".

At that moment the ballroom shifts into a kaleidoscope of colour as thousands of couples begin to whirl to the one-two-three rhythm they learned as children.

Tail coats fly, backs arch, hem billow, jewels glitter and skirts float over the parquet like exotic night-blooming flowers.

No one loves the waltz more than the Viennese. They have made it their anthem and given its composers the status of heroes.

This year's Opera Ball took place in late February. As always, it was held at the Vienna State Opera, a building that was transformed overnight into a magical ballroom.

The work began as soon as the final curtain fell on the performance of *Romeo and Juliet* held the night before. It took 350 workers 12 hours to remove the seats, build additional boxes, lay a parquet dance floor and decorate the whole with 15,000 pink carnations, 50 hibiscus, 50 tree-size white lilies and 800 palms.

Uniformed lackeys formed a guard of honour at the entrance where guests ascended the marble staircase

to their boxes. Shirley MacLaine and Sophia Loren led the list of international celebrities.

Sophia, resplendent in a gold beaded gown that lavishly displayed her famous cleavage, held court in Box 9.

"I have never been so moved, so emotional," gushed the Italian film diva. "It is one of the most beautiful nights of my life." That, however, did not prevent her from leaving an hour after she had arrived.

MacLaine said she felt as if she had been in Vienna in another life. She was not in such a hurry to leave. The

dress code for the ball is rigid: white gowns and crownlets for the ladies, tie and tails for their escorts.

American star wore a flaming red beaded dress and remained about the ball she had attended in 1976.

"I loved the idea that old traditions were kept alive to remind us of a time when the world was a happier place," she said.

Plácido Domingo, the Spanish tenor, and Birgit Nilsson, Swedish soprano, added artistic glitter. Austrian President Thomas Klestil and Chancellor Franz Vranitzky led the long list of politicians. The Bouchers, the Porsche-Piechs and American industrialist Malcolm McLean gave the event a touch of international glamour. Kurt Waldheim attended, along with British Ambassador Terence Wood, the mayor of Helsinki, the Japanese Ambassador, the owner of the Sacher

This year, nearly 5,000 paying guests and more than 1,500 staff and opera personnel attended the ball. They paid Sch2,600 (£160) to get in and an additional Sch95,000 to Sch165,000 for a box. A simple table for six in one of the outlying rooms cost Sch10,000. The ball was nearly sold out, a sign for many that the recess

is finally over.

The Opera Ball is essentially a debutante ball. Some 180 couples formed this year's "opening committee" of debutantes. Most have been drilling for nearly a year for the opening quadrille. Lotte Tobisch, dubbed Vienna's "Ball Mother", is responsible for the organisation.

She has run every ball since 1966 when the first one after the war was held. She chose this year's debutantes out of more than 800 who had applied.

The dress code for the ball is as rigid as the dance steps: white long gowns and identical rhinestone crownlets for the young ladies and white tie and tails for their escorts. Mouse grey for the gentlemen in uniform. The Austrian white dress uniform is considered distract-

In fact, tails and floor-length evening gowns are *de rigueur* for everyone. "Those who insist on arriving in a tuxedo should not be surprised if they are mistaken for waiters," says Tobisch. She is all smiles but there is steel beneath the ruffled chiffon.

She defends her insistence on white tie with the argument that dress clothes are not elitist but egalitarian because "everyone looks alike". By the night of the ball there was not a "Frak" to be rented in all of Vienna. Most reserve their white tie and tails well before Christmas and retailers say they sell more evening clothing in Vienna than in any other city in Europe.

This year, nearly 5,000 paying guests and more than 1,500 staff and opera personnel attended the ball. They paid Sch2,600 (£160) to get in and an additional Sch95,000 to Sch165,000 for a box. A simple table for six in one of the outlying rooms cost Sch10,000. The ball was nearly sold out, a sign for many that the recess

reported 30 broken heels.

When they are not dancing, they have nothing to do but stand around the stairways hoping to catch a glimpse of one of the celebrities. That is hard on both guests and equipment.

Two ladies fainted and the opera cobbler (there is always one on duty during the ball)



Tail coats fly, backs arch, hem billow, jewels glitter and skirts float over the parquet like exotic night-blooming flowers.

Few of the celebrities shown on the front pages the morning after the ball bothered to mix with the crowd. Neither MacLaine, nor Loren, nor Domingo, nor the other illustrious guests ventured beyond the comfort of their boxes where they sipped champagne poured from magnums and looked down at the whirling dancers waltzing on the floor beneath them.

"I don't think the celebs contributed a bit," explained a woman from Munich who attended the ball with her husband. "They didn't dance, they didn't mingle."

There is no one opinion on the Opera Ball. How it is regarded depends very much on who is talking. It is good business to rent a box and invite clients if you happen to be a business person. Those who want to make a social statement present their sons and daughters. Celebrities come to be seen and most of the others come to watch and waltz.

It is the last group that makes the Vienna Opera Ball a success. Once the VIPs have departed, the opera belongs to them. They are the ones who dance until 3am and then adjourn to cafés and hotels that open early to serve them an after-the-ball breakfast of beer and goulash soup. Some couples even spend another Sch200 for a *Fiaker* (horse-drawn carriage) and leave in true Cinderella fashion.

Lotte Tobisch, who only left the safety of her box to chat with other notables in theirs, is the first to admit the Opera Ball is largely an anachronistic fairy tale. But the world needs fairy tales and what better setting than Vienna?

"The Opera Ball is one of Austria's best exports - like the Spanish Riding School and the Sacher Torte," says Gregor von Herzori, an Austrian writer and social critic. "Nowhere else will you find so many people who are so enthusiastic about something so totally useless - that is what makes the Vienna Opera Ball so Austrian."

That may be open to debate, but Vienna without its ball is as unthinkable as Wimbledon without tennis.

And it is safe to bet that next year when the announcer says "Alles wälzer" the city will again swing into three-quarter time and the world will tune in to watch.



An army truck takes skiers to the chairlift in Slavsko

Slippery slopes in the Carpathians

Anna Reid visits a poor man's ski resort

Slavsko, a stout lady with a big smile and a sharp tongue, says: "Before the war we carried the Pole up these hills. The poor trudged up; the rich skied down again."

Lyuba comes from Slavsko, a small mountain town on the northern slopes of the Ukrainian Carpathians. Although a Polish province until 1945, and close to Ukraine's present-day western border, this is the heartland of Ukrainian nationalism.

Through both world wars, partisan bands hid out in these hills. Today, visitors who attempt to communicate in Russian still get dirty looks.

Suspicion of outsiders even extends to Lviv, the regional capital, three hours' cockroach-ridden train-ride to the north. Lvivites are "spoiled children," sniffs Lyuba. They think they are the real Ukrainians, but we don't believe it - they are half Poles."

Slavsko is never going to be the Trois Vallées, but its skiing facilities have improved a bit since Polish days. With one chairlift and six T-bars, the 3,500-strong town now counts as Ukraine's premier ski resort.

Although domestic custom has collapsed in tandem with the Ukrainian economy, skiers still come here from Vilnius, Moscow and Warsaw. Poland has mountains but as Lyuba says: "It's cheaper for them here."

In spite of its tourist industry, Slavsko is desperately poor. Lyuba's two-room flat, in a small house shared with four other families, hosts two daughters, two dogs, four puppies, a cat and a budgerigar. Glass-fronted bookcases stuffed with Tolstoy, Balsac and gaudy cut-glass vodka glasses compete for space with the battered paraphernalia of her husband Bogdan's ski-hire trade.

Scraping snow off on to a brown-tiled corner stove, Bogdan says that "most of the men work in the forests, or in tourism. Everybody has two, three cows and a piece of land. But we're not farmers in your sense, because we just use our farms to feed our families." In a richer country these little homesteads - laundry flapping from the apple trees, poultry picking around the woodpiles - would be picturesque. As it is, their dilapidation is simply depressing.

Our party, led by Anton, a professional rock lyricist and part-time ski-guide, is putting up at the Yuzhnechenergo, one of dozens of hideous sanatoriums dotting Slavsko's outskirts. Like most Ukrainian institutions, the Yuzhne-

chenergo inhabits the grey zone between state and private ownership. It belongs to the local branch of the energy ministry. But where does the money we are paying for our rooms actually go? "A little bit to the ministry - a lot into the director's pocket," says Anton.

Even by Ukrainian standards, the Yuzhnechenergo is recklessly, magnificently horrific. The rooms are freezing, imaginative mustard-coloured plasterwork decorates the ceiling. The cracks round the windows are papered over with strips of the local "National Socialist" newspaper.

Pieces of thick twisted wire stick out of the interior walls. The bathrooms - single, dim light-bulb, creeping brown puddles - look like transplants from the Lubyanka's basement. Hot water is available only occasionally, usually at the same time as the cavernous cafeteria is serving up fried potatoes for breakfast, lunch and supper.

Come morning, things look up. Slavsko's skifit day begins with a bang, as a khaki-green army truck backs into the Yuzhnechenergo's cracked concrete entrance. Piling on, we career down snowy roads, under a railway bridge, past a pair of skinny ponies pulling a rough wooden sled piled with dung.

Two peasants riding on the

back flash gold-toothed smiles. At the bottom of Slavsko's single chair lift, thumpy Russian rock music blares.

"Prison songs!" heams Anton. "He's saying they're emptying their machine guns into his dead body and stamping it into the ground."

Greasing the attendants'

Après-ski is a do-it-yourself affair: in the hall, a family lights a fire and cooks kebabs

palm with wads of Ukraine's almost worthless currency, Anton manoeuvres his flock past a unique parade of 1970s-style flared and fitted ski-wear to the front of the lift queue.

Last year, the mountain-top was blowing a snowstorm and decorated with a 10ft-high ice-sculpture of an erect penis. This year, the penis has diminished, the sun is out, and the view is glorious. High, wooded mountain ridges, regular and endless as the waves of the sea, stretch away into the blue distance.

On the slopes, there is not much thought to spare for the



The Crimea Revisited Aboard the MS Caledonian Star Monday 2nd - Sunday 15th October 1995

Empires come and empires go, and surely there is nowhere better than Asia Minor to learn more about the triumphs and tragedies of war and the march of civilisation. Travelling both north and south of the Golden Horn we will explore spectacular landscapes, from the battlefields of the Crimea to the excavations of Troy and the sad shores of Gallipoli. From the architectural delight of Yalta's palaces, to the Ottoman wonders of Bursa and the glories of Ephesus, our tour has all the essential ingredients for a wonderful voyage of discovery.

What Slavsko has yet to discover is the mountain-top restaurant, "Varenniki" - meat or cabbage-stuffed ravioli - are served out of makeshift cabins, and eaten on the local village. Locals bring their own supplies. At the bottom of each ski lift, vacuum flasks are being opened, sausages sliced.

Back at the Yuzhnechenergo, the fun continues. With supper (potatoes again) finished by 8pm, après-ski is a do-it-yourself affair. In a corridor, a little group smokes and sings along to a guitar. In the hall, unhooked by two brassy receptionists, a family lights a fire and cooks kebabs. Anton opens a can of beer. "Be glad you're not staying at the Dynamo," he says, "that's a real stable."

The information you provide will be held by us and may be used by other select quality companies for mailing purposes.

BRIEF ITINERARY
Oct 2 Istanbul
Oct 5 Embark
MS Caledonian Star
Oct 6 At sea
Oct 7 Odessa
Oct 8 Sevastopol

PRICES
Prices per person range from £2,395 for an outside two-berth cabin with shower and wc, to £3,750 for a two-room suite. Singles from £2,960.
Price includes: Economy class air travel, three nights at a first-class hotel in Istanbul with breakfast, two dinners, three half-day excursions, Bosphorus cruise with dinner, ten nights aboard the MS Caledonian Star on full board and shore excursions.

CRIMEA

To: Louis Gordon-Foxwell, Financial Times, Southwark Bridge, London SE1 9HL. Fax: 0171-873 3072

Please send me further details of the Financial Times invitation to the Crimea.

TITLE _____ INITIAL _____ SURNAME _____

ADDRESS _____

POST TOWN _____

COUNTY _____

POSTCODE _____ TEL NO. _____

HOW TO SPEND IT

Lucia van der Post meets a woman who was amazed when she could not find wardrobe advisers in the London telephone book

Some closet advice for the terminally untidy



Dawn Walter of The Holding Company photographed at home in her own beautifully organised wardrobe

The secrets of a happy cupboard

Dawn Walter believes that walking into your wardrobe should be visually stimulating, that looking at an ordered interior can be an aesthetic experience. The lure of perfectly organised cupboards was irresistible. "Please, Dawn," I begged, "come and show me just what can be done with cupboards as full as mine."

I resisted the urge to spend the weekend tidying up and let her see them in all their chaotic abundance. She did not blanche. Instead she presented me with a plan of action. It goes like this:

Take an honest look at everything in the wardrobe. Give away anything that has been too small for at least two years; anything with a stain that will not come out; and anything that is outdated (if you really think they may come back in fashion buy some plastic or canvas bags and store them elsewhere).

Analyse your wardrobe. Assemble your clothes by size. Put all the short hanging clothes (jackets, shirts etc) together (this enables you to use the space underneath better). Put all the long hanging clothes together, arrange them by colour - put neutrals together, block together etc.

Then make an inventory of folded clothes, of shoes and boots, of accessories (ties, belts, handbags, hats, costume jewellery). Measure your wardrobe from front to back, side to side, width of door, height of door, door frame to wall left, door frame to wall right, floor to ceiling (not for

getting to note obstructions such as fuse boxes, cables or ducts).

Bear in mind that clothes on hangers need 1.5in of rail space each. Folded clothing takes up to 12-14in of running shelf space, with three to four items in each stack. In this way you can work out what your wardrobe can sensibly hold.

From here she moved on to the smell tips that she has

Looking at an ordered interior can be an aesthetic experience

gleaned from a lifetime of being organised. I pass them on for free.

Hangers

Invest in good hangers, all of the same make - this way all the clothes hang at the same level. Do not use the wire ones which dry-cleaners so generously give away free - they are bad for the clothes. Ideally use wooden ones. Cedar wood acts as a natural moth repellent.

Garment protectors

Always put away the clothes you are not going to wear at the end of the season or clothes that are only rarely worn. Plastic or canvas ones will keep away dust and help protect the clothing.

Drawer organisers

The more you compartmentalise your clothing, the easier it will be to find what you are looking for. Perfect Order is a system (£5.95 for the set) which slips easily into almost any drawer and provides up to 32 compartments in which can be stored tights, socks, ties, knickers or scarves. Neatmix Organisers are clear plastic and coloured cardboard boxes which can also be used to organise socks, knickers and lingerie. Sets of two cost £3.95.

Tie racks and tie hangers

These allow you to see ties at a glance and store them so that they do not get crushed. A tie rack in beech which can hold 60 ties is £24.95.

Hanging jewellery organisers

These have many compartments which enable you to separate items thus preventing them from getting tangled or damaged and enabling you to see the individual pieces.

Shoe organisers

Shoes are one of the biggest headaches for many people. Shoes worn occasionally (special evening ones, for instance) could be stored in boxes but to save you rummaging through them all to find the pair you are looking for, take a Polaroid photograph and stick it on the front.

The Holding Company will sell a big range of shoe organisers - over the door wire racks, over the door canvas pockets, floor wire racks, shoe boxes and bags, and a stacking and expandable rack for 12 pairs.

Inexpensive cardboard boxes, clothes protectors and hangers - the basics of good organisation

An old flame is relit

Lucia van der Post tells how her oven was repaired

A little pease of praise to the Gas Consumers Council. The Christmas before last the large oven of my double oven Cordon Bleu. Bleu cooker expired in the middle of the festive celebrations. A culinary confection provided by my sister-in-law failed to cook and it took some time to find out why - the flame in the oven had died.

Call to our local gas board produced a gentleman in overalls who poked and prodded and declared the cooker dead. "How long did you say you

had had it? Twenty years? Well . . ." shrug, shrug, "what can you expect. Tell you what . . . why don't you have a look at these new ones and choose a new one?"

He had completely failed to understand a woman's attachment to her cooker - the fact that it was 20 years old, that it had cooked my children's nursery meals, family Christmasses, celebrations, teenage parties, grown-up dinners, parties all made it very much more, not less, desirable in my eyes.

"Well," he said, "you see Carron which made the Cor-

don Bleu no longer exists, so I don't suppose there'll be any spares. Your only hope is to look in the Exchange & Mart or to advertise. But there are lots of lovely new cookers."

These followed months of tramping round every likely looking workshop in the border, inquiring after a spare solenoid for an ancient cooker.

Finally, a colleague said

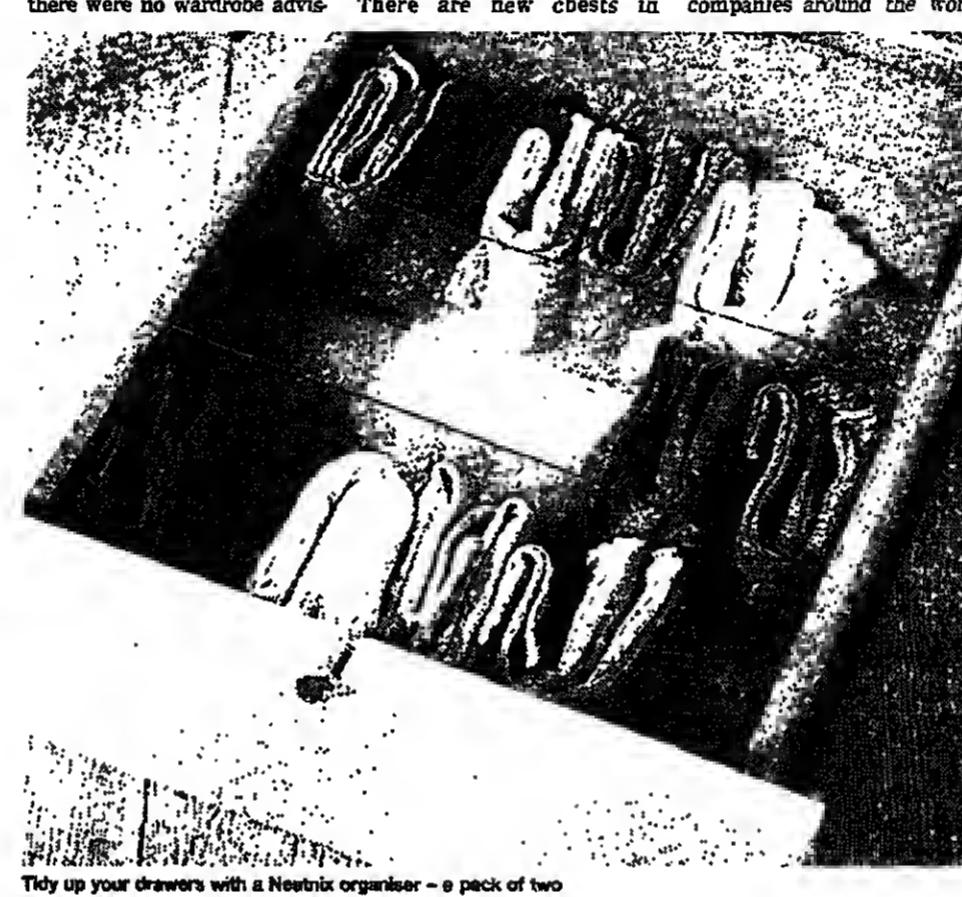
"Ever thought of ringing the Gas Consumers Council?"

One call was all it took. The suppliers of the spare parts were tracked down, the local gas board were remonstrated with for giving false information and not trying harder and a date booked for the installation. Six weeks later my beloved Cordon Bleu is in full working order again.

The cost to me was £45 for the call-out charge - the spare part was "free" to make up for the weeks of exasperation.

Thank you to the Gas Consumers Council.

■ The Gas Consumers Council (tel: 0171-931 0977) protects the interests of gas consumers and will take up complaints or queries on their behalf. Last year, it dealt with 24,359 customers, a rise of 19 per cent over 1993.



Tidy up your drawers with a Neatmix organiser - a pack of two costs £3.95



Simple canvas storage systems - left, for sweaters or blouses, right for shirts



Inexpensive cardboard boxes, clothes protectors and hangers - the basics of good organisation



Dawn Walter with three basic chests transformed by stencils and paint. Among the things she shop will sell are wire baskets, open-fronted shoe boxes and paint kits



TRAVEL

Falling flat at Mad Hatter's boules party

Chris Eales races through Brittany to play Boulou Pok, a strange, ancient game that involves a lot of drinking

It is Mardi Gras in Brittany. At 8am, Laurence and I are heading south to ancient Guerlesquin which sits placidly in the shadow of the Monts d'Arrée, the highest mountain range in Brittany. We are going to the World Championship of Le Boulou Pok.

This unique Breton game of boules has been played every Mardi Gras for the last 500 years. It is not played anywhere else. Robert Le Scour, president of the Le Boulou Pok Society, told us.

This is not the only Breton oddity about Boulou Pok. The game is littered with Mad-Hatter rules. Boules are round elsewhere in France, but here they are flat, practising is forbidden because it might give someone an advantage. Legend says the idea came from a priest who wanted to provide his flock with some leisure.

It is north versus south. Nordics, those with houses facing south, play sudsistes, whose houses face north. The prize is a noble laurel leaf.

In keeping with ancient Breton custom, the game is combined with its other essential purpose: eating and drink-

ing. And religion is not forgotten: Boulou Pok is set off with a mandatory mass at 8am in the Chapelle St Jean. We arrive just after nine, come armed. Boulou Pok rules insist that those who do not attend mass cannot eat the flowing breakfast that follows.

We slip into the packed chaf-

er. Boulou Pok players and spectators, big and small, young and old, are in full voice. In the Café Pêche a few doors away the breakfast, described by Le Scour as "Mustcadet, Calvados and Borscud," but includes plates of "small wine". I put that one in my pocket.

I wonder why I am a sudsiste. My house does not face north or south. "Ah! Oui," says the president, players with boules facing east or west are alle-

lated according to the direction of their fireplaces. Mine faces north, so I join the sudsistes.

We cross the road to the Place du Martay, an oblong square lined with trees and 16th century granite houses.



Bars run down either side. I am bolstered by the sign in the window of the Martray Crêperie, "Fermé mardi pour Le Boulou Pok", it says, and then, "Vive le sud".

Our sandy Pok patch faces the 17th century law-courts in which a dunum, dressed in an overcoat, has been tied to the

bars of a window. The nordistes win the toss and the Bretons begin to throw their boules. The first hits the sand and says "pok".

There are about 90 players, many beginning to show the effects of the drink. The players wear their normal clothes and one man stands out

because he is wearing a jacket, shirt and tie beneath a raincoat.

A player throws twice in each game. When everyone has thrown there is a huddle over the poks and a loud debate about who gets the points. The first team to reach 12 points wins a match. The team that wins the best of three matches is declared world champion.

Throughout the game, players drop into the nearby bar, in Le Bellassis. I try to buy a drink. "Madame la patronne tells me I can pay later, if I am able to stand up. Our team is losing. Sipping a small Mustcadet, the terrible president, Le Scour, assures me this is because some of our best players are being held up drinking in the mayor's house. Calls for reinforcements resound from the match and players trot out of bars from all directions to throw some more poks."

The game is won before 4pm by the nordistes. The laurel

leaves are handed out to the winners. But this is not the end of Boulou Pok. The café owners now play a match to determine who has the honour of serving the Gwin Bian, Le patron of An Toll Tou wins.

But we are led to another bar, Le Bellassis. "An Toll Tou later," I am told.

Inside the Bellassis, a large smiling man with a laurel leaf pinned to his flat cap buys me a demi.

"Why do you English play with the sudsistes," he asks me. "Because my fireplace faces north," I say.

"Ah!" he says, "but where is the sun at midday at your house?"

I shrug and point above my head.

"Voilà!" he shouts. "Next time you play with the nordistes."

Slowly, we make our way to An Toll Tou which is booming out Breton music of flute and guitar. We produce our yellow

Gwin Bian cards and are handed drinks. Leaning on the bar next to me is the man in the shirt, tie and raincoat.

"I am the notaire," he tells me in English. "Come and have a drink with me."

He pours himself another Ricard and I have a demi. I can just hear him above the revery elsewhere in the bar.

"Le Boulou Pok," he says, "is tradition. Very important for our children."

The final fixture of the Boulou Pok starts with the Gwin Bian (large wine), then goes on with a feast at the restaurant Barquedan. We turn up around 8pm, passing staggering players on the way. We eat soup, ham with boiled potatoes and carrots, pork with chips and haricot verts, cheeses, fruit and coffee and drink bottles of bordeaux.

Some players are standing on their chairs, singing. One man plays a pipe throughout. People come and go. We are ready to leave but the singing goes on.

A familiar face crashes into our table. It is the notaire. He waves his hand in the air. "All drunk. Everybody drunk," he says and staggers off.

No one switched on the lights

Richard Donkin almost fulfils an ambition to see the aurora borealis

Nature's greatest light show was only three hours away as the sun, like a struggling performer with no more than a cameo role in a perfect day, departed downstream beyond the snowy hills.

The ice blue tincture of dusk settled upon the landscape. Conditions for a display of the northern lights, the aurora borealis, were ideal. The sky was clear, the air crisp and sharp. Tromsø, the most northerly city in Europe and perhaps the best placed community from which to witness this phenomenon was still shivering in the grip of winter, situated well above the Arctic circle.

A visit to northern Norway had seemed like a good idea, the opportunity to fulfil one of my ambitions. For someone whose previous experience of the northern lights had been the Blackpool illuminations on England's windswept north west coast in October, the invitation to witness something a little more spectacular, 1,000 or so miles further north had been something to savor.

For most of Tromsø's 55,000 residents, the northern lights seem hardly worth the neck ache. The lights appear all winter round. Far more of an excuse for partying in this locality is the sun's first appearance of the year on January 21. The best party of all does not start until May 21 when for two months the sun never sets and Tromsø hardly sleeps.

In winter, there is an air of hibernation about the community. It has not, however, prevented some of its more enterprising residents putting some

thought into enticing visitors from more southerly parts. By February, the sun is already around for seven hours in the day and, between snow showers, the weather is surprisingly accommodating if you stay close to the coast, which is warmed by the Gulf Stream.

Stray a few miles inland and the temperatures take a serious dip. Minus 20°C is not exceptional. Tove Hansen, who with her husband, Kjell, has set up a business offering dog sleigh rides, is expecting temperatures of -40°C when next month she takes part in the Finnmarkslopet, Europe's longest dog sleigh event. It runs for between five and eight days across 1,000kms of the Finnmark Plateau, one of the continent's few remaining wildernesses.

She did not seem too daunted by the ordeal. "I'm eating and sleeping this race, I can't wait to begin," she said. Tove was hunched over a large cookpot stewing reindeer meat by the fire at the centre of her lair - the traditional wigwam-like den of the Sami, people perhaps still better known outside their own community as Lapps.

She does not live there. Nellie and the Samis much any more, but the tents can be fun for visitors. With reindeer skins draped over birch twigs on the floor, they are a surprisingly comfortable alternative to a conventional hotel. The lack of hot and cold running water seems a petty inconvenience, given the sub-zero temperatures outside.

The Samis are planning to erect a tent 100kms away, with supply stops, to allow dog sledge parties to travel further

afar for overnight stays. Dog sleigh riding, too, is far more civilised than those who have even read Jack London books may be inclined to believe. The dogs only bark before they set off. Even driving the teams is comparatively simple as long as you do not fall off.

If there is one disappointment in accompanying Hansen it is that she steadfastly refuses to use the word "mush" and coaxes her dogs by saying "yes" to them instead. The sleigh rides on Kvaløy island, just west of Tromsø, pass over an undulating carpet of snow, broken by clumps of birchwood and criss-crossed by reindeer and elk tracks.

The reindeer are owned by Sami families who jealously guard their herds all year round. Just how many reindeer there are in Norway and Sweden is difficult to gauge because the Samis will not say.

"Never ask a Sami how many reindeers they have. They say it is like them asking

us how much money we have in the bank," said Finn Melvaer, who runs the Ramfjord camp site near Tromsø. He was ladling out some reindeer broth which tasted exactly like that in the tent.

Here, however, there was no such protection. We were standing out on the frozen Fjord as Finn explained the finer points of ice-hole fishing, another popular local pastime. It was a familiar experience, not because I had fished in this way before, but because there were no fish about.

Finn's promised shoals of cod had fled. There is something slightly distressing about standing on a desolate expanse of ice with a piece of limp monofilament line in your hand, feeling increasingly hungry, asking what is for lunch and hearing "cod" in reply.

Spirits lifted slightly when we strolled over to Finn's pal, Sven, who was about to haul in his 100-metre long net strung beneath the ice between two

poles. He did explain how he did it, but I could not make much sense of it. After 10 minutes of hauling, all he had to show for it was a cigar-shaped codling that would not have filled the tip of a fish-finger. Cod was off. We had reindeer

burgers instead.

So much for the novice hunter-gatherer. In Tromsø's Polar museum you can see what happened when men were really men and this was the buntin' shootin', fishin' and explorin' capital of the north. Gnarled residents who used to lead young polar bears

around Tromsø's streets, after first disposing of their mums and dads, look back with some sadness to a past era. It was not so long ago.

The daddy of them all, Henry Rudi, who died in 1972, shot 712 polar bears during his hunting career which ended in 1948. Walrus, musk ox, polar bears, seals, arctic fox and geese were all mercilessly hunted in Spitsbergen to the north and Greenland. Given Norway's pro-whaling stance it is not surprising to find that the museum exhibition is in no way mounted as an apology.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

A statue of Roald Amundsen is one of the few reminders of the old days. Today, the community has softened markedly, party perhaps because of the influence of Christianity. A triangle-shaped cathedral was built in 1965. Its northern window used to provide a commanding view of the mountain beyond: too commanding for the preachers who struggled to compete for the congregation's

attention. So the view was blocked by a stained glass window and the architect never put a foot in the building again.

The creation of the university also seems to have had a civilising effect on the community. While the unemployed fisherman drown away their yesterdays in the town's beer hall, the new breed of intellectuals are content to spend their time studying the aurora borealis.

The university planetarium shows films of the northern lights from every angle. The only thing it cannot do is turn them on.

</div

SPORT



The new MG MGF. Mid-engined and affordable, it promises to be a cult sports car for the late 1990s



The Bentley Azure. A super-luxury four-seat convertible for the motorist who already has absolutely everything

Two British cars are the star turns at the Geneva *Salon International de l'Automobile*, which opened on Thursday. The Bentley Azure is the ultimate in convertibles - a car for buyers who never have to ask "what will it cost?" but only "how soon can I have one?" And the new MGF two-seater is the car for which MG buffs have been waiting for more than a decade.

For the record, the list price of the Azure is £182,978 before tax, which in Britain means considerably more than £200,000 on the road. Only 118 will be made this year.

The Azure bears about the same relationship to an ordinary soft-top as Blenheim Palace does to a three-bedroom house. It is a close relative of the Bentley Continental R, which made its debut at

Geneva four years ago.

Turbocharging and intercooling have boosted the output of its venerable 6.75-litre V8 to a level that Rolls-Royce does not disclose but which must be at least 350 horsepower. In any event, it is sufficient to allow you to heave this 2½-tonne or more car from a standstill to 60mph/96kph in 6.3 seconds. A Jaguar XJR with a determined driver would beat this, but only just.

Fuel consumption is put at 9.5mpg (23.5l/100km) in the urban cycle and a

projected average of 15.2mpg (18.6l/100km). Not only is it Britain's costliest four-seat convertible, it is also the thirstiest.

Such mundane matters as fuel consumption will not concern Azure buyers. The car is a symbol of mega-affluence, an indication to the world that you can afford the very best.

The MGF, to be priced between £16,000 and £18,500, will be the first really affordable mid-engined sports car since the Fiat X1/9 went out of production six years ago.

It is powered by two new 1.8-litre variants of Rover's K Series engine. One version produces 120bhp; the other, with a variable valve control system, 145bhp. Rover claims 0-60mph (0-96kph) times of 8.5 seconds for the former, and seven seconds for the latter, and top speeds of 120mph (193kph) and 130mph (205kph) respectively.

Tucked away behind the seats, the engine drives the rear wheels through a five-speed gearbox. The suspension is by double wishbones all round: front and rear

brakes are discs, with an anti-lock system standard on the dearer VVC model and an optional extra on the standard MGF.

The fabric top was engineered, like that of the Azure, by Pininfarina of Italy, but on the MGF it is manually operated. An optional hard top with full headlining and heated rear window can be used to "winterise" the MGF; the fabric top does not have to be removed first.

But does the MG marque mean very much to the under-30s who will inevitably lust after the MGF? I doubt it. It is a long

time since the last MG came off the production line at Abingdon in 1980. The name, once revered, was subsequently debased by MG-badged versions of the Austin Metro, Maestro and Montego.

A limited production run of the MG RV8, a machine cobbled up in 1992 from modified MGB body shells and Rover V8 engines, may have helped keep the name alive, but it hardly burnished the MG image.

But if the MGF is as good as it looks, it should carry all before it as a reasonably environment-friendly cult car for the late 1990s. The first cars in the showrooms this summer will be standard versions, with the higher performance VVC model following later in the year.

■ More next week about the show, which is at Palexpo, adjoining Geneva airport, until Sunday March 19.

Motoring / Stuart Marshall

A symbol of mega-affluence

Golf / Derek Lawrenson

The women rebound

Two years ago the Women Professional Golfers' European Tour was a tee shot from bankruptcy. The end of year accounts revealed a surplus of just £5,000.

"It hadn't been for a donation of £50,000 from the Royal and Ancient we would have gone under," said Terry Coates, who played his part by agreeing to take on the role of chief executive on half-salary.

Look at the tour now. Some of Europe's best known companies have climbed on board: Marks and Spencer, Ford, Country Club Hotels, Weetabix, Evian water, and even Wilkinson Sword.

Last week the tour caught its biggest fish yet when American Express agreed to underwrite the circuit to the tune of more than £2m over three years. This represents its biggest sports sponsorship in Europe and is the sort of figure that hitherto only the men's game was able to attract.

"We chose the ladies' game because it offers better value for money," said John Peterson of American Express. "We have sponsored a men's event in the past but there you spend a lot of money for a four-day tournament and that's it. Here we were able to sit down with Terry and discuss our business objectives and try to achieve them over the course of a year."

In 1988 women's professional golf appeared to be doing well. The circuit offered 27 events and with the sport enjoying fashionable status and drawing sponsors it had everything going for it, including a young Laura Davies.

By the time Coates took over in 1993, however, management problems and public bickering had reduced the number of tournaments to nine.

Coates was 63 and had retired from various top marketing positions, including British Airways where he was responsible for the "World's favourite airline" campaign. "The tour was in a desperate state," he said. "There was no strategy and no vision and the continual changes in management hadn't helped."

"The players were running the show and that simply wasn't working. They had to get back to what they were best at, which of course is playing. The tour needed to be run as a business which has long been the secret of the men's game."

MOTORS

VOLKSWAGEN GOLF 1800 GL AUTOMATIC June 1994. Power steering. Central locking. Sun roof. Removable stereo. Metalic green. 100,000 miles. Full service history. VGC. £2,495. 0171 223 4719



Jennifer Gossbee and Hendrik Schemberger of Germany, at the World Figure Skating Championships

Ice skating / Marilyn Bentley

Dancers with boots and blades

This weekend in Birmingham, the National Exhibition Centre hosts the climax of the 1995 World Figure Skating Championships. With a budget of around £3m, and more than 200 competitors from 50 countries, it is the biggest skating event ever staged in the UK.

Figure skating occupies a peculiar place in the pantheon of competitive sport. It is widely followed by the BBC as host broadcaster, will be feeding 43 international visiting television networks - but its devotees are as likely to be dance enthusiasts as sports fans.

Its attractions are ambiguous. Skaters, like gymnasts, are athletes of a high order, under constant competitive pressure to increase the difficulty and complexity of their routines. But technical skill is only part of the story. Half the marks in competitive skating are awarded for "artistic impression", a nebulous mixture of musicality and showmanship which is easier to recognise than to define.

This hybrid of athletics and aesthetics makes many sports fans queasy. In soccer, a goal is either scored or not scored; teams do not win matches on style. At the other extreme, the artistic conventions of skating can drive ballerinas to hang themselves in their pointe shoes. The movements are related to dance; the jumps to the *tour en l'air*; the spin to the *pirouette* and so on. But instead of the flexible dancer's instep, the body line ends in rigid ankles encased in bladed skating boots.

Over the years of international competition, the balance has shifted back and forth between artistry and technical display. After a longish period of exciting and innovative choreography, athleticism is now in the ascendant. Medal contenders in all sections have been obliged to stuff their programmes with technical fireworks, at the expense of a sensitive and coherent interpretation of the music.

Men's competitions are now dominated by technical heavyweights. Numbers of triple, even quadruple jumps are essential to winning programmes, and choreographers have yet to solve the artistic problems presented by the sheer difficulty of what skaters are attempting. It gives the whole competition a suggestion of gritted teeth.

With this accent on athleticism, the ice dance final was bound to be geographically disappointing, with the top couples outdoing each other in flailing limbs, opposing body lines and convoluted lifts. Similarly, the

women's competition, which ends today, favours the power of Surya Bonaly, five-times European champion, over more elegant but less dynamic challengers. So, if dance fans are annoyed by the emphasis on glacial acrobatics, and sports enthusiasts are irritated by the art, why does figure skating exert such an appeal?

Some of the attraction may lie in its aura of innocence. But skating has had its controversy. The complex system of marking, which depends upon the order in which judges rank competitors as well as the number of points allocated, has evolved against a background of complaints about partisan scoring and allegations of rigging. And last year Nancy Kerrigan, the US skater, was attacked shortly before the Winter Olympics.

More traditional skating scandals revolve round whether a daring new move infringes regulations about which parts of a skater's anatomy are allowed to make contact with the ice.

A competitor can even lose marks for an immodest costume. The British judge Virginia Riley marked down an almost flawless performance by the 1989 Soviet champion Alexander Fadeev because of the male equivalent of a visible panty line.

It is a sport in which every spectator can be a judge, even if they do not know a triple toe loop from a left hook. "Artistic impression", even for experts, is ultimately subjective. Skating programmes can be based on any style of dance, from jazz and folk to classical ballet or the Viennese waltz. At world class, deciding between them is akin to comparing Fred Astaire and Ginger Rogers with Fonteyn and Nureyev, or Gene Kelly with John Travolta. It is a matter of taste.

Figure skating also offers the appeal of the circus: daring young men, and pretty girls in spangles. Figure skating is graceful and theatrical. It not only looks dangerous, it is dangerous. The movement executed in pain competition, where the woman's body is swept round in an arc almost parallel to the ice, is not called a *death spiral* for nothing. For the spectator, that provides the frisson of watching the trapeze artist perform without a safety net. A tiny misjudgment can mean the difference between a gold medal and a gold tooth.

At its highest level figure skating is a sublime synthesis of precise physical prowess and artistry. And which other sport rewards competitors not only for getting it *right*, but for getting it *beautiful*?

CARAT
SECURITY

World leader in the field of special conversions on Mercedes-Benz motorcars.
Special armoured vehicle MB W140/S600L (new) blue-black
metallic/leather black-grey in production and available at short notice. Continuous production of stretched limousines and special armoured vehicles.
CARAT DUCHATELET Int'l S.A., B-4020 Liege.
Belgium: Phone: +32 47 43 04 34 - Fax: +32 41 43 84 29

© CARAT 1995

FOOD AND DRINK

Lunch for a Fiver: why 200,000 took part

Nicholas Lander reports on the success of the FT's latest restaurant promotion and hears what restaurateurs have learned from the experience

Top ten £5 menu

1. Bryn Howel Hotel, Llangollen, Wales (01973-860331)
2. Marsh Goose, Morton-in-Marsh (01580-652111)
3. Percy's, Harrow (0181-427 2021)
4. S.W. Baker, SW1 (0171-690 5430)
5. Frederick's, N1 (0171-358 2888)
6. Hole in the Wall, Bath (01225-425242)
7. St. Olave's Court Hotel, Exeter (01392-217738)
8. Daphne, NW1 (0171-267 7322)
9. Futrell's, EC2 (0171-638 8341)
10. Clos du Roy, Bath (01225-444450) and The Brackenbury, W6 (0181-748 0107)

Ten days ago, among the usual bills, was the following letter from a reader: "I just wanted to say what a wonderful fortnight you organised for all who took up the £5 plus lunches. I was lucky enough to take my mother out to Winteringham Fields, my best friend out to Simpsons-in-the-Strand and my husband to Knots in Putney. It helped to make my February much, much shorter."

The reader was referring to our FT lunch promotion last month, in which some of Britain's most popular restaurants offered set lunches for £5, £7.50 and £10 with the chances of prizes for restaurateur and reader alike.

Winteringham Fields on Humberstone won our prize in the £10 category – faultless – and to Simpsons we gave the booby prize since there was not an FT report card to be seen. Its spotted duck is lovely, however.

Although I received many compliments there were also several complaints. Many letters accompanied the 12,000 questionnaires completed by some of the people – around 200,000 – who took part in this year's promotion. The questionnaires represent what is thought to be the largest snapshot of the British restaurant scene ever recorded.

Gill Rowley, of the Consumers Association which publishes *The Good Food Guide*, reports that, pre-recession,

when restaurant-going was at its most popular in the UK, they received no more than 10,000 reader reports a year.

Within the FT we have processed the questionnaires to arrive at the top restaurants in each category and their names are printed alongside. We also rang the restaurateurs to gauge their reactions.

The most important criterion was the spirit in which restaurateurs, and to a lesser extent customers, entered into the promotion. In early December, I wrote to all the restaurateurs to ensure that they were at their very best during this fortnight. I gave most importance to number five on the questionnaire: "How well did the restaurateur enter into the spirit of the competition?"

It saddened me when an old friend phoned to say that after two excellent FT lunches in London, at Odette's in NW1 and Bryn Howel, he was disappointed in Jules, W1. He said he had booked well in advance, specifying the FT menu but was initially given the à la carte menu. This was rectified but he was then served a glass of wine with cork floating in it. This too was rectified – as was the missing bottle of mineral water which he had ordered.

The last straw, he felt, was when, after establishing that the soup of the day, he could not order it, as it was not being offered to FT readers.

Top Ten £7.50 Menu

1. Wife of Bath, Wye, Kent (01233-612222)
2. Pomegranates, SW1 (0171-528 6580)
3. Virtuous Room, Luton (0131-554 6767)
4. Merivale, Bristol (01272-222859)
5. The Castle Hotel, Tavistock (01822-272671)
6. Warehouse Brasserie, Colchester (01206-785888), and Chevrons, Titchfield Walls (01925-453242)
7. Adlard's, Norwich (01603-633522), and Old Forge, Stowmarket (01903-743402)
8. Café Latte, SW7 (0171-581 9998)

Top ten £10 menu

1. Winteringham Fields, Winteringham, Humberstone (01724-733098)
2. Gidleigh Park, Chagford (01647-432087)
3. Stephen's Butcher, EC1 (0171-490 1750)
4. Beaufort, W1 (0171-734 4758)
5. The River Cafe, W8 (0171-361 8824)
6. The Promenade at The Dorchester, W1 (0171-529 8866)
7. Beauchamp's, EC3 (0171-821 1331)
8. Horsted Place, Uxbridge (01825-750851)
9. Overton's, SW1 (0171-839 5774)
10. Bettmann's, EC1 (0171-799 4981)

Winning FT readers

The following three readers have won a prize, in our free draw, of dinner for two at a restaurant of their choice, up to a value of £200: Mr Ann Klemm of Barnet, Herts; Mrs J.A. Rose of Appleton, Oxon; and Dr D.J. Lee of Aberdeen. Bon appetit.

Peter Aspin, the FT's deputy arts editor, farewelled at Butler's Wharf Chop House in London, awarding it 12 marks out of 50 and commenting: "It was made to feel cheap. A terrible experience."

Questionnaires also charged the Dôme restaurants, Belgo, Thierry's, the Café Fio and Café Rouge groups in London, and the Crab and Dragon of Camberley, Surrey, with not entering into the spirit of the competition because they chose price categories higher than their normal menu prices.

I had hoped that in restaurants where this might be the case a special, value-packed menu might be offered for the fortnight but this was not to be.

In restaurants with more

than one branch communication was obviously a problem. One reader's request in a Café Rouge for the FT menu was interpreted by the waiter as a request for a cup of tea. But, where meals did seem to go wrong, several restaurants reacted promptly.

This year, with only a few exceptions, restaurateurs reported a higher average spend per customer but the two most notable exceptions to this were at Frederick's, London N1, which served 1,692 £5 lunches in a fortnight. One customer asked, ironically, whether valet parking was included in the price, while one couple produced a flask of coffee and promptly requested cups, milk and sugar.

One factor which seemed to ameliorate the often uneven relationship between restaurateur and customer was the presence of the questionnaires on the table, a view confirmed by Leo Brooke-Little, proprietor of The Marsh Goose, in Gloucestershire.

He said: "Customers were generally appreciative of our £5 lunch although when they came to fill out the questionnaires they took on the role of chief restaurant critic for a major newspaper. One couple gave us four out of 10 for value for money and then tried to book a table for the next day. Customers can be fickle." David Adlard, a Michelin-

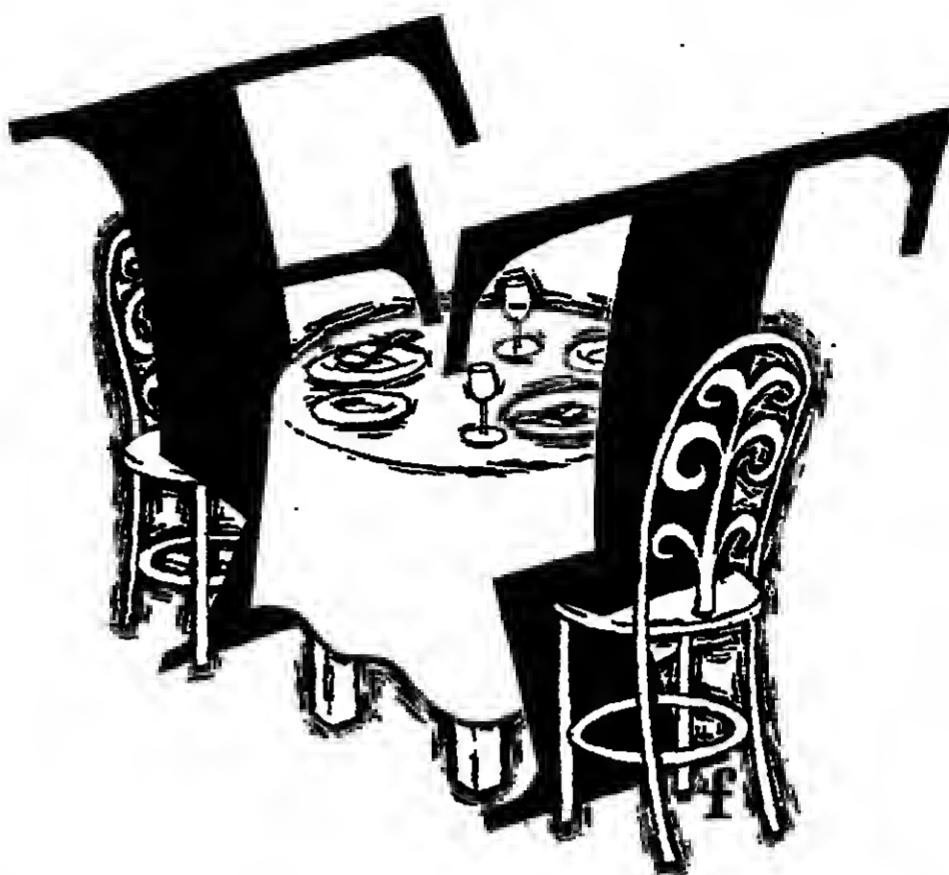
This revenue was generated from 121 tables comprising 342 covers. Henderson confessed that, after 17 years as a hotelier, the FT lunch promotion had taught him a lesson in marketing and convinced him that there is a price at which lunchtime trade is profitable and highly appreciated. The spin-offs of marginal pricing are substantial, too. Staff motivation and the knowledge that many customers will return at full price are the two most obvious. Some 200 customers (50 who came, 50 who could not get in) have already been mailed about a Gidleigh Park Lunch Club – clearly an asset.

John Lloyd, proprietor of Bryn Howel Hotel in Wales, which was winner in the £5 category, saw turnover increase by over 150 per cent during the fortnight, but knows that there is more to come. There were many requests for conferences and functions and, perhaps more surprisingly, a firm booking for a wedding.

Two years ago, the FT's *Lunch for a Fiver* made restaurateurs aware of just how price-sensitive their market was. This year, by extending the price range from £5 to £7.50 and £10, the FT has allowed many restaurants to discover a worthwhile lunch trade.

On the second day of this year's promotion Captain Beauchamp Blackett, one of the City's more colourful restaurateurs, sent me a fax. "Great stuff" he wrote, "taking £400 up on previous Tuesdays. Now how about doing something about the evening trade in the City particularly in August?"

Certainly the enthusiasm for another FT lunch offer is clear. In anticipation of an even bigger promotion next year I would like to congratulate the winning restaurants – in each category it was a close-run thing – and thank the many thousands of readers who returned their questionnaires.



erated an average spend of £22 this year compared with £13 on the £5 menu when he ran the promotion two years ago.

The most precise breakdown came from Paul Henderson of Gidleigh Park, in Devon. Henderson, formerly a management consultant, kept a separate sales ledger for the 15 days of his £10 lunch, together with a graph, and gave us these figures: turnover, ex-VAT £7,281.03; average spend, ex-VAT £20.86 (inc VAT £24.47); food, ex-VAT £12.77 (this includes choosing a third course); wine, ex-VAT £5.97; bar, ex-VAT £1.86; other, ex-VAT 25p.

On the second day of this year's promotion Captain Beauchamp Blackett, one of the City's more colourful restaurateurs, sent me a fax. "Great stuff" he wrote, "taking £400 up on previous Tuesdays. Now how about doing something about the evening trade in the City particularly in August?"

Certainly the enthusiasm for another FT lunch offer is clear. In anticipation of an even bigger promotion next year I would like to congratulate the winning restaurants – in each category it was a close-run thing – and thank the many thousands of readers who returned their questionnaires.

day. Pinot Noir grapes clearly have to be picked at the critical moment in this part of Victoria. \$11.95 Oddbins.

Freycinet of Tasmania. This ambitious winery has run into problems because of the similarly named Western Australian wine producer but its reds, including Pinot Noir, are very fine.

Spain

Vinas del Vero 1989 Somontano. This very true, if slightly light example was a real shock when I first tasted it and wondered where on earth Somontano is. (In the Pyrenean foothills, north east of Zaragoza, is the answer.) £5.99 bigger Safe-way stores.

Germany

Königschaffhausen Steingrub 1990 Baden. This dry Alsace from the local co-op was voted best Pinot Noir from 40 Swiss, Baden and Alsace examples last summer. It has plenty of colour and tastes fully ripe and welcoming.

anything among your border plants which is growing well in a wide mat or clump of roots. Now is exactly the moment to strike: as the green shoots start to appear. Day lilies, the long-lasting Aster frickartii, sedum, phlox, tradescantia and epiphyllums are among the obvious candidates for rapid multiplication. A short, sharp strike with the spade is clean and effective, although picture books tell you to split tough clumps by sticking two small border forks back-to-back through the plant's middle and then forcing them apart. Sometimes, I find that this illustrated technique makes a frightful mess.

The supreme advantage of splitting your own front runners is that you can build up natural drifts and groups as if your meadows are part of the local vegetation. One of the charms of an exotic jungle like Ninja's is that so many plants are grown informally as if they are natural to the site. The TV presenters had much to say about paradise and the natural style before the garden's presiding genius, Lauri Marcherini, remarked that he presided over a team of seven gardeners. It made me feel less pathetic about my own developing clumps of apparent artlessness, gradually built up from splitting and division in this immediate month of March.



and you can now space out the new growth so that it does not become tangled at the top of the plant in a traditional cottage muddle. The stems are less able to bruise one another and leave a wound through which wilt can enter. The flowers look far better if they are not all clustered into a top-heavy tangle. Attack your annual-flowering jackstraw and stop it becoming a miserable mess.

Strictly, it is also late to be cutting roses but the result will at worst delay their flowering for about a fortnight. Only two main groups are better for the hard pruning which amateurs like to give them, seeing the treatment of rose bushes in local parks. Old-fashioned roses need only to be shortened slightly and freed from dead growth or stems which have turned a deadened purple during the winter, always cut back to an outward-facing bud which will be show-

ing by now like a little pip on a green part of the stem. Never treat the old bush roses like the modern, large-flowered Hybrid Teas.

The latter are the roses which park-keepers prune down to a height of six inches, too low for my taste. I am not aiming for a few exhibition flowers on each plant. I would rather weak and dead growth and cut the remaining stems down to a height of about a foot. The floribunda forms, including the favourite white iceberg, should never be mutilated so firmly, their growth can be shortened by about a third but they will flower less well if you hit them hard at this late date.

The only other candidates for a severe attack are climbers in their first or second year.

Britain is not Ninja and you

will want your roses to look wall-covered down to their base on a wall. The art is to cut them back to a low bud

when you first plant them and cut them again, hardening your heart in their second season and reducing them once again to about two or three feet. Once they have gone up and aged they are much harder to reduce and encourage to shoot from the base. If you are pruning a neglected rose always take it down in stages year by year rather than sawing it off with a vengeance in a single clear sweep.

These jobs ensure an art to your apparent jungle: you can heighten the effect of natural wildness by dividing almost

A brief glimpse of summer inspires us all to garden busily. Last week, Channel 4 gave us one by whisking us off to Italy in its series on gardens without borders. We all complain about television gardening but Hugh Johnson, the wine-critic and garden writer, had been left to pick his personal favourites and no one could argue with his choice – the Anglo-Italian garden at Ninfa, 50 miles to the south-east of Rome.

In the past two generations, the Castell and Howard families developed plantings with a magical style amid medieval ruins. The plants run wild through the remains of a town and four churches which the script described as named after a mythical nymph. Perhaps the scriptwriter knows non-mythical nymphs: meanwhile, the cameras shot exquisite close-ups of white roses in cypress trees, clematis in shrubs and drifts of wisteria beside the garden's many rushing streams.

BENGAL CLIPPER BY THE RIVER
At Butler's Wharf, Tower Bridge, exceptional Indian cuisine in a magnificent environment enhanced by live grand piano every evening. This large and stylish restaurant has just been acclaimed as one of 1994's best. For a reservation, please call: 071 357 9001. Corner Shad Thames/Curlew Street, London SE1.

To Celebrate the Success of the FT Lunch
L'ESCARGOT
is delighted to announce the launch of their NEW
"LONDON BUSINESS LUNCH" FOR £12.00
Two Courses of Super Provincial Style cooking at Exceptional Value
Reservations Essential
48 Greek Street

Gardening

The charms of an exotic jungle

Robin Lane Fox relies on the television for shots of one of his favourite gardens

flower. Unlike Ninja's, they need attention, even the white-flowered Rose helene from China which fights free from a repugnant conifer and shows less willingness to climb and cascade than in the old parental ruins of Italy's loveliest sight.

Inspired by this mental vision of summer, we all need to tidy up neglected traces of winter. Few of us have Ninja's, where climbing plants can be left to run wild and border climbers and staghorn ferns in grass. This weekend, the last of the roses and clematis to need attention, your own spreading border-plants, are at just the right stage of growth to be split and multiplied; the wisteria should be left alone but you can usefully shave the leaves off old evergreen ivy, remove

any rubbish in its centre and leave the flat frame of bare branches to sprout tidily into new growth.

The pruning of clematis and roses always causes bother so that people often shrink it. You should have finished the job three weeks ago but realists refuse to do it in cold rain and, for them, it is now or never. Clematis should be sorted according to a simple rule: only prune those now which flower after midsummer's day. If in doubt leave the plant alone and if it is an evergreen do not touch it. Otherwise, harden your heart and cut the entire top growth down to its first joint with the lower main stems.

You may end up with one or two stems only about a foot above ground level but you have done the right thing. They will grow away madly

CLARETS AND VINTAGE PORTS
WANTED
We will pay reasonable hammer price.
Please telephone:
Patrick Williamson 071-267 1945
or Fax 071-264 2785

WILKINSON VINTNERS
Fine Wine Merchants
Constance Rd London NW3 2JN

AVAILABLE
Large Wine
Cellar/Storage
Central Paris, France
Contact Rudd:
Fax (33 1) 48 08 62 77

SEX & SLEAZE

PROPERTY



Impressive Georgian: Ballywillin near Castlereagh is on the market for £250,000



Move up in Down: Finnebrogue has a 50-acre estate but needs work. The asking price is £330,000

Peace pushes up Ulster prices

Gerald Cadogan finds the Northern Ireland property market benefiting from the terrorists' ceasefire

This Friday is St Patrick's day, St Patrick founded Armagh cathedral in 444 (or 445) as the seat of Irish Christianity but from the 16th century, Armagh had both Roman Catholic and Anglican (Protestant) archbishops. They quarrelled, and separate cathedrals (both dedicated to Patrick) enshrined the split. But now peace and prosperity seem to be growing by the day.

This new confidence has released the property market.

Northern Ireland is the only place in the British Isles (apart from central London and pockets of the home counties) where prices are rising. Turnover is also climbing. In Londonderry "prices rose 20 per cent last year, more than anywhere else in the province," says estate agent John Arthur. "It has been the quickest rise I've seen in 30 years."

The historically low interest rates a year ago started the rise, which the ceasefire, and EU and US grants, are driving forward. But other influences were already at work. The Northern Irish economy has grown strongly thanks to an excellent road system, high government and EU expenditure, inward investment in factories and Belfast's development into an important shopping centre.

There is no negative equity to cripple the market as house prices stayed low throughout the troubles. They still are low, in spite of the recent rises. While the average mortgage is £20,000, at the top end of the market, which agent Eric Cairns handles, it is £100,000.

The Royal Institution of Chartered Surveyors' (Northern Ireland branch) recent report, *The Effects of Lasting Peace on Property and Construction in Northern Ireland* (1992), prepared by the Real Estate Studies Unit of the University of Ulster, described a "buoyant" residential market.

The ceasefire, it said, was "an exogenous shock" which will increase demand and push prices up.

Many who have wanted to move - but could not because of the troubles - are starting to look, and Northern Ireland people who left are expected to go back, including retirees. "In the 1960s, Northern Ireland was a retirement area," said Cairns. "It offers a super standard of living," with good golf, walks, sailing, schools and shopping.

Shoppers who "previously declined to shop in the city" (as the RICS puts it) have returned to Belfast. Traffic is growing at Belfast International Airport (Aldergrove), privatised last summer. Air



Like Fulham, except for the price: Clooney Villa, Londonderry, £100,000

Belfast has started flights to and from Stansted, and British Airways has flights to Manchester.

Sales of new homes are strong, and will stay so. Speculative builders have been targeting the middle and upper price bands which will push first time buyers, the RICS says, into the secondhand market - unless they are lucky enough to obtain a three-bedroom semi-detached house in a new 2.4 acre scheme in the Shankill Road area for only £27,000 (with the help of urban development grants).

This is the first private sector scheme in the area for years. It shows the peace dividend in action, opening up a closed part of Belfast.

Although it is not yet on the market, bookings have opened with strong inquiries for 35 of the 41 sites, says agent McKinley. The Antrim Road area, which had been difficult, now excellent value, with good houses between £35,000 and £150,000.

Police overtime is a stimulus that may wane, the RICS suggests. Extra duty has been a prolific source of income, especially for the large RUC Reserve and the police are "an important segment of those occupations earning over £30,000".

RICS also foresees a reducing volume of work for lawyers, affecting the top end of the market. One group which will continue to seek expensive

houses are senior police officers, who are not paid overtime.

The peace may start to break down the Protestant and Catholic ghettos of the last 25 years, but the smart areas such as south Belfast and Holywood are already mixed and have been more trouble-free. This level of the market has been moving "fairly smartly", Cairns says.

On the south side, terraced houses near Queen's University start at £26,000 and may cost more than £100,000. Further out around Malone, prices range from £125,000 to £300,000.

Holywood, known as "the gold coast", to the east has "some very expensive houses" at more than £200,000, and a few in the £400,000-£500,000 range.

Agent McQuarry Ross has sold a town house in the Upper Malone Road for £57,000 (with a market value last year of £55,000), and terraced houses valued last year at £20,000 to £24,000 sell now at £27,000 to £30,000.

Outsiders looking for country properties should heed the RICS's fears that, in the long run, too many outside purchasers will affect the balance of the rural communities. That has happened in parts of the Republic. But such owners make houses unaffordable to the locals and are left idle for much of the year.

In the country near Belfast, where commuting is easy, it is a choice between County Down to the south or County Antrim to the north.

A grand house for sale in Down is the Maxwell family's Finnebrogue near Downpatrick which is on the market for the first time since 1635. The estate has shrunk to 50 acres and, unsurprisingly, the Georgian house needs work, but the price from Cairns is just £330,000. Another imposing Georgian house with a large columned portico but only three acres is Ballywillin (Agric, Murdoch & Deane, £50,000).

Further from Belfast, Co Fermanagh is beautiful and draws fishermen but you need to be dedicated to the countryside.

In Londonderry, John V Arthur is selling an attractive late Victorian villa, Clooney Villa, at 63 Limavady Road which would look good in Fulham, but is not at Fulham prices. The agent asks for offers over £100,000.

Outsiders looking for country properties should heed the RICS's fears that, in the long run, too many outside purchasers will affect the balance of the rural communities. That has happened in parts of the Republic. But such owners make houses unaffordable to the locals and are left idle for much of the year.

Hong Kong is the world's most expensive city for an executive to buy a three-bedroom flat or rent on a short let, a new International Apartment Survey from Knight Frank and Rutley reports.

In US dollars, a flat in the Peak district costs around \$3.64m (£2.21m), or \$23,400 a month to rent. Second comes Singapore's district 9, where buying is two-thirds less than Hong Kong and renting three-quarters less.

But the disparity will alter, as the Hong Kong property market continues to decline from its peak of late 1993 and early 1994. Prices are already between 25 and 35 per cent lower and KFR anticipates a further fall of between 5 and 10 per cent before they level off in the third quarter.

As third on the list, London leads the European division, with a flat in Knightsbridge costing £730,000 (51.2m) or \$5,100 per month to rent. It is the only European city in the survey where prices have risen in the past two years. Elsewhere, buying prices have fallen, for example by 6 per cent in Munich (now \$877,400) and 20 per cent in Milan (£512,800).

Brussels is the cheapest European city for rentals at \$1,900 a month, followed by Madrid, Milan, Paris and Stockholm which are all between \$2,300 and \$2,700.

Fourth on the list is the Hiroo district of Tokyo, where values are sharply down from 1992 when it was the most expensive city to buy in. New York is fifth. A Manhattan flat at \$1.15m, or \$4,500 to rent, is marginally less than its London equivalent.

Prices have increased on Park Avenue, Fifth Avenue, and Central Park West by between 5 and 10 per cent over the last 18 months and will probably continue to rise at slightly above the rate of inflation, suggests Alan Rogers, of agent Douglas Elliman.

■ Foreigners posted to

Cadogan's Place

Hong Kong stays top of the list

Britain will find the Association of Relocation Agents' Foreigners' Guide to the United Kingdom a help with settling in. It covers the rules for employment and taxation, stressing the importance of taking advice before filling in the Inland Revenue's questionnaire about domicile.

It also explains about education, health services, quarantine for pets, and hiring furniture or taking furnished accommodation. The guide costs £8.95. Tel 0173-624455.

■ Impenurious executives may like to rent an unfurnished large studio (1,000 sq ft) with a gallery bedroom and fitted kitchen in Hillgate Village, London W8, at £475 a week. The agent is Tates (0171-602 6020).

■ And, if you are an executive who has become rich on bonuses and stock options, No 1 The Little Boltons, SW10, is on the market for £3.25m from Chesterfield (0171-581 5324). It is a town house with seven bedrooms and a staff suite, and has recently been refurbished. Compare it with a grander nearby property, 23 The Boltons, which Aylesford has just sold for more than £3m unrefurbished.

■ Two castles await new kings. In 1829 Fort Rock was built on an island in the mouth of the river Mersey to defend Liverpool when it was the gateway to America. The fort has nine bedrooms, plenty of messrooms and storerooms, and a causeway to the mainland. Jackson-Stops (01244-328361) has not set a specific price, but estimates its value at between £250,000 and £500,000.

■ Equally uncertain is the price of Rodborough Fort in Gloucestershire, an 18th century folly with views across Stroud and the river Severn. On April 5 the National Trust puts it up for auction as a private house. Inquiries to KFR (01285-653771).

Gerald Cadogan

COUNTRY PROPERTY



CHARTERED SURVEYORS

BEDFORDSHIRE

1,964 acres (795 hectares)

Large commercial, agricultural and sporting property

Grade II listed farm manager's house. Four further properties. Range of modern farm buildings, including grain storage. 101 acres of woodland, water and game cover.

For sale as a whole or in five lots

GILLINGTONS Tel: 01638 720644

01223 841841

BURY ST EDMUNDS CAMBRIDGE IPWICH NORTHAMPTON NORTWICH LONDON PERTH TRUMPINGTON ROAD

LONDON PROPERTY

JAMES W BARING

RECLIFFE ROAD

CHELSEA SW10

EXCERPT FROM THE FAMILY HOUSE WITH WEST FACING GARDEN

5 beds, 1 bath, 1st floor Drawing Room, Dining Room, Playroom/Bed & Study, Kitchen with Conservatory Bridal room, Kit 2, Ck, rm, Util rm, Pase S/C Flat, FH 2845,000.

TEL: 0171 551 9678

FAX: 0171 551 9678

HOLLAND PARK- OAKWOOD COURT

An impressive and spacious raised ground floor apartment. Six large rooms - 3 baths 1 en-suite - modern kitchen/ breakfast room. Ready for occupation including carpets - curtains etc. £385,000.

L/H R W Assoc. (01494) 890383.

LONDON RENTALS

KENSINGTON-CENTRAL LONDON

Large selection of quality properties, C180- C1900s. From 3 wks to 3 yrs. Child Associates 071 782 0702 10-7pm

RENTAL INVESTMENTS

RENTAL INVESTMENTS FOR SALE

A pair of two bedroom, two bathroom flats situated in a prime position close to Lancaster Gate and Covent Garden.

The flats are currently let on a combined annual rental of £22,240. Price £270,000 for the pair or may be sold separately. Barred Marcus, Tel: 0171 636 2736 or Fax: 020 268 2686.

PROPERTY INVESTORS ... A chance to buy up to 8 properties at a knock-down price in Croydon, Surrey. Excellent rental yields with lease-back prospects. For details Tel/Fax: 01306 889507.

2 CHARMING ADJACENT Mews COTTAGES

in sought after, discreet and very quiet Chelsea location. 3 mins walk to Harrods. P/B £200,000 or offer for both.

for negotiation for both. Tel: 0181 853 5164

FORESTRY

VERMONT NORTH EAST USA

BRIGHTON BROOK 1,250 ACRES



Professionally managed high quality Northern Hardwood timber investment with a variety of species dominated by Sugar Maple.

Unspoilt location within 30 miles of Joy Peak Ski Area.

ASKING PRICE £300,000 (Timber Value £514,000)

For further information contact:
Simon G Verdon or Marcella H Stephen of Fountain Forestry Limited

Mallington House, Mallington, Banbury, Oxon OX17 1AX
TEL: 01295 750000 FAX: 01295 750001

In Association with

Fountain Realty Inc

An International Real Estate Marketing Firm

Barnsley, Tel: 01223 435742 FAX: 01223 435742

TEL: 0163 435 7424 FAX: 0163 435 7274

French registered licence holders.

AZUR INTERNATIONAL

Tel: (33) 92 98 01 02

FAX: (33) 92 98 01 11

ISLE OF MAN

4 BED RES. 1 acre mature germs.

2 d/wes. Parking 10 cars. Sea view.

Agept 5 mins. 1 bed germy flat w/ office with planning approved. Price on request.

Tel: 01624 822940 Fax: 01624 822940

French registered licence holders.

APPLY RODERICK THOMAS

01744 676000

RETIREEMENT

ENGLISH COURTYARD

A RACE COURSE, A MARKET TOWN & A STATELY VIEW

Matthous Court, Worcester, Worcestershire

A 2 bedroom cottage.

£130,000 - with adjoining garage.

Lease over 125 years.

Full Service Charge details available.

FOR THIS AND ALL THAT IS BEST

ACROSS RURAL ENGLAND

BOOKS

George Bush's favourite book during the Gulf War of 1990/91, he told an audience in Burlington, Vermont, was Martin Gilbert's *Second World War*, a "great, big, thick history".

The then President of the US liked to impress upon the American public and the world generally that there was a parallel between what Hitler did to Poland and what Saddam did to Kuwait (for FDR read Bush), although Bush's historical perspective appears to have been a limited one.

Jentleson, an academic who has served in the department of state, has taken a longer view, probing, classified and unclassified material for a more rounded picture of the conduct of US foreign policy in the run up to the Gulf War.

His book would make uncomfortable reading for Bush, for it shows how his administration during the 1980s, in pursuit of a policy first instigated by Ronald Reagan, chose

Turning a blind eye on Saddam

Jimmy Burns examines US foreign policy in the decade leading up to the Gulf War

to turn a blind eye to a growing body of evidence not just of appalling human rights violations in Iraq, but of Saddam's military ambitions.

The core rationale driving US policy towards this Middle Eastern rogue state for nearly a decade was "the enemy of my enemy is my friend". The strategy was to strike an alliance of convenience with Baghdad capable of countering the fundamentalist threats emanating from Tehran and curbing Soviet strategic designs on the Persian Gulf.

In the spirit of such realpolitik, the US presidency teamed up with commercial lobbyists and compliant government officials to approve a range of agricultural and dual-

use exports and favourable credit lines – in spite of reports of horrific uses by Saddam of chemical warfare against the Kurds – and the build up of a nuclear-based military programme.

Not only were Iran and the Soviets not contained as a result of this policy, but more seriously the "friend" became the enemy.

Much later senior officials of the Republican administration conceded that with the benefit of hindsight, there were some things that they might have done differently if they had known what was going to happen.

In fact, as Jentleson shows without any room for doubt, warnings about Saddam/Hitler were sounded early and often from the mid 1980s

by journalists, academics and the intelligence agencies. In explaining why these warnings were not acted upon, Jentleson eschews the conspiracy theory in favour of a more credible cock-up theory, based on

WITH FRIENDS LIKE THESE: REAGAN, BUSH AND SADDAM 1982-1990
by Bruce W. Jentleson

W.H. Norton £18.50, 300 pages

mistaken policy formulation and implementation.

Conspiracy means to act behind the scenes in breach of the law. It is an allegation which Sir Richard Scott, the British arms-for-Iraq inquiry, is having to take seriously

as he probes the apparent tendency of the UK government to have said one thing to parliament on its Iraqi policy, but to have implemented something quite different within the hidden recesses of Whitehall.

By contrast, Jentleson's account shows that in the US the president's policy towards Iraq was the subject of open debate on Capitol Hill, and once defined left very little room for ambiguity. No complex government "guidelines" as in the UK, but a straight forward executive declaration of intent, although the export of some dual-use components may have breached restrictions on the export of military equipment.

In his critique of past US presidents, Jentleson does not belittle the military and political achievements of Operation Desert Shield and Desert Storm – the deployment, under the guiding leadership of the US, of 400,000 troops by a 31-country coalition first to protect Saudi Arabia and then to liberate Kuwait.

But he does raise the question as to whether an alternative foreign policy may have stopped Saddam dead in his tracks well before hand, thus avoiding the human suffering as a result of the war, the economic and environmental costs.

In the euphoria that came with military dominance, Bush spoke of a "new world order" arising out of the Gulf crisis, "a new era free from the threat of terror, stronger in the pursuit of justice and more

secure in the quest for peace..."

In its attempts to translate such rhetoric into practice, the Clinton administration has fallen short of success, although not for want of trying. Faced with the shifting ideological sands of the postwar era, the US presidency has floundered on a mix of principles and political expediency. Whereas Reagan and Bush were able to ride roughshod over the objections of Congress, this executive, having lost its majority, has no alternative but to listen.

Jentleson, an ex-adviser to Al Gore, the vice president, nonetheless writes with the authority of someone that is used to being listened to – and deservedly. He argues strongly that the long-term interest of non-proliferation should inform and guide US foreign policy. Likewise the brutalities of individual states should be adequately taken into account when deciding alliances.

Gladstone: a man for two centuries

This is the end of the life of Gladstone, at least as told by H.C.G. Matthew, the Oxford historian who has so carefully tended it over the years. It will be hard for anyone to do better. Matthew's work is fair, thorough, critical and ultimately admiring. The main impression that emerges is that Gladstone was a remarkably modish figure who left his mark on the 20th century as well as the 19th.

He was also a voluminous diarist. His first entry was written when he was a schoolboy at Eton in 1825. Thereafter he wrote almost daily, with a few brief gaps, until shortly before his death in 1898. There are over 25,000 entries mentioning more than 22,000 people.

Gladstone left no instructions about what should happen to the diary after his death. It contains passages, especially about sexual temptation, that are unfavourable to the man, but – as Matthew observes – he must have known that it was important that it should not be destroyed.

Matthew has performed two tasks. He has written most of the introductions to the diaries as they have been published, and he has put the introductions together in slightly revised form so that they can be read as a biography in their own right.

The second and final volume begins in 1875 when Gladstone, who had already been in parliament for 42 years, could have rested on his record as a classic British prime minister, one who was tipped from the start to reach the top, and made it. Instead he began his comeback and again reached the premiership. The book ends with Gladstone's funeral, which Matthew describes as the "last great set-piece of Victorian Liberalism". The final stages of the progress of the old man in his coffin to Westminster Hall took place on the London Underground.

Matthew writes of the 1880s as "the decade which faced both ways". It looked back to the high noon of the mid century and British economic hegemony where the activities of government were kept to a minimum. It looked forward to collectivism and imperialism. It was also a period of immense technological change, the beginning of the modern era. Gladstone was at home looking both ways: his achievement was to reconcile the two, while looking essentially to the future.

He was one of the first politicians to recognise that America was overtaking Britain's economic supremacy "as if at a canter". He was the first to recognise and exploit the possibilities of modern communications, principally the use of one

medium to gain access to another. It was not so much the crowds that attended his political meetings in Edinburghshire (as Midlothian was literally called) that counted; it was the way his speeches were reported, word by word, in the national press.

According to Matthew, one line of Gladstone's speech notes generated seven to eight minutes of oratory. Yet the bad news as well as the good came in by methods unknown in the past. Up-to-date accounts of the drama of General Gordon at Khartoum in 1884, one of Gladstone's low moments, were read daily at Britain's breakfast tables.

There were other firsts. Gladstone was one of the earliest advocates of a national theatre and a channel tunnel. He was offered £5,000 to produce an autobiography, and a New York publisher promised £25,000 for the serialisation rights, though the book was never finished nor seri-

GLADSTONE 1875-1898
by H.C.G. Matthew
Clarendon Press £25, 421 pages

ously attempted. Gladstone was also one of the few British prime ministers repeatedly to decline a peacock. He died plain Mr.

There were failures, of course. At the time, the biggest was deemed to be Ireland. Yet, with hindsight, that view looks suspect. In supporting Home Rule Gladstone had at least recognised a problem. He was prepared to offer certain benefits to Scotland. In short, he realised that the unitary constitution of Great Britain and Ireland might not be sustainable in the long run. Matthew conjectures that Gladstone might have been thoroughly at home in the European Union, where the position of Britain would have been closer to Home Rule than to independence.

The achievements were to preside over a mixture of stability and change that was not always present in the rest of Europe, to preserve a generally civilised governing elite while the franchise was being extended, not to overextend government intervention and to stick to free trade. In that sense the Gladstone tradition remains, even if mainly as an ideal.

Perhaps the one area where a modern politician would not recognise him was open commitment to religion. In the election of 1890 he appealed to "the Gospel of our Saviour Christ" which was "above all the Gospel of the poor". No British political party leader has spoken like that since. Yet at the time it did not odd, and it worked.

Malcolm Rutherford



Portrait by the artist as a young boy: Jacques-Henri Lartigue, the celebrated French photographer who died in 1986 at the age of 82, was given his first camera at the age of seven and took this picture of his cousin two years later. Lartigue's early photographs, evoking an innocent world before the outbreak of the first world war, have been assembled in "Boy with a Camera" by John Cech (Pavilion £25.99, 32 pages)

Queen of the Victorian blockbuster

Jackie Wullschlager on a 19th-century writer who chose life – and money – over art

Mrs Oliphant is the white elephant of Victorian literature. Styleless, old-fashioned and prolific, she was a joke figure even in her own time. Trollope satirised her as the slapdash, dishonest writer Lady Carbury in *The Way We Live Now*. Henry James drew a merciless portrait of her as the vulgar, desperate authoress Mrs Stormer in the tale *Greville Fane*. The critic Leslie Stephen complained that she resigned her chance of writing a novel "to stand on the same shelf as *Adam Bede*, because she wished to send her boys to Eton". Hardly any of her 38 novels are now in print.

Mrs Oliphant wrote, unashamedly, for money and that is why she is a compelling figure today. She was one of the earliest writers to exploit the 19th-century techniques of mass production and an increasingly literate population by selling herself and her books as products

with a market price. At a time when fat advances and publishers' hyps dominate current interest in fiction, the story of her life and art as a fiction-machine offers a rare look at how best sellers were first created and at what cost.

Margaret Oliphant was born in Scotland in 1828 into a family of strong women and sympathetic men. Her mother encouraged her to write and launched her into Edinburgh literary society. By 25, she was supporting two feckless brothers, her indolent husband-cousin, and a brood of babies by churning out several pot-boilers a year.

By 35, she was a widow working with her own and her brothers' orphans and writing so fast that it sometimes took her less time to complete a book than to haggle over its price in a series of letters. The family moved from a cottage in Liverpool to houses in London, then to Windsor, where Mrs O took tea with the Queen.

She was paid well but not spectacularly – £1,500 for *The Perpetual Curate* in 1864, for example, as against Trollope's £3,525 for *Can You Forgive Her?* in the same year, or Dickens' £12,000 for *Little Dorrit* (1855-57). Set a smart house in Windsor, which Mrs Oliphant

bought for £1,600 in 1877, against these sums and they make even the recent advance of £500,000 to Martin Amis look tame.

But success exacted terrible penalties. Mrs Oliphant was one of those driven, Victorian puritans who could not tolerate anyone with less stamina and speed than her own. She fell out with editors and publishers and never noticed that her vaulting ambition was turning

mediocrities". Choices like hers, and the venom they inspired in writers like James and Trollope, mark the start of the debate about elitism and high- and low-brow culture which continues today.

None of Mrs O's children survived her and in her last years she suffered a series of bereavements and a lapse in popularity as a result of flooding her own market.

Mrs O's moving autobiography (1899) – her best work – explains how both temperament and necessity drove her to choose life over art or best-sellordom over creativity. Reading Charlotte Bronte, she commented cheerfully: "I don't suppose my powers are equal to hers – my work to myself looks perfectly pale and colourless beside hers – but yet I have had far more experience and a fuller conception of life."

And "these superior heroines are very awful people", she wrote of *Middlemarch*, wishing that "George Eliot would not be so harsh upon all

mediocrities". Choices like hers, and the venom they inspired in writers like James and Trollope, mark the start of the debate about elitism and high- and low-brow culture which continues today.

This sympathetic and well-researched book has two main flaws. First, Elisabeth Jay never confronts the fact that Mrs Oliphant's action was very bad – a common failing among feminist critics.

Second, the thematic, rather than chronological organisation of material, a device which rarely benefits biography, here leaves us trying to work out who has been born and died at what time while Ms Jay grapples with her theories of "arranging the narrative".

Nevertheless, for anyone interested in the story of fiction, here is a perceptive introduction to a woman whose very ordinariness made her an extraordinary phenomenon in literary history.

Fiction/Joan Smith Metaphor for the 1990s

SAINT RACHEL
by Michael Bracewell
Jonathan Cape £9.99, 210 pages

features "with the cold fascination of a lover rereading an old love letter, the contents of

Rachel's underlying vulnerability which had been forgotten".

With her relentless black clothes and black contact lenses, Rachel is his dark angel, a foil to the blond hair which is a visual reminder of John's lightness of character. If Anne was a projection of his

confused and sentimental ideas about femininity before the drugs took hold, Rachel is even more so; it comes as no surprise, given John's myopic self-absorption, that she is comically unsuited to the role. What is unexpected is the precise nature of the impediment and John's desperate willingness to ignore it.

One of the cleverest things about *Saint Rachel* is the slow-moving, anaesthetic prose which tricks the reader for a time into sharing John's dulled responses. The novel ends with a brutal demonstration of Rachel's underlying vulnerability, shattering that fragile sense of unreality. Its impact on John, hurrying to Paris to join his lover, completely unaware of the disaster which has overtaken them, is a question Bracewell leaves disturbingly open.



Wit, wigs, God and sex

Kathy O'Shaughnessy is charmed by the natural voice of Dolly Parton

in the river, the boys notice her breasts and cry "Hallelujah!". This is as it should be, thinks Dolly. "He wouldn't have given them to me", she notes without irony, "if he hadn't wanted people to notice them."

At school she had a few good friends like Judy and Colleen ("We really got into some big hair together"), but her energies were directed to music: she learned chords on the banjo, got to sing on *Cash's* radio show, cut a record, and age 18 went off to Nashville.

For the first time she slept in a bed on her own, without her brothers and sisters. The living was tough – she was often hungry, eating coverly in grocery stores, picking at unlimed plates in hotel corridors. But her serious talent earned

DOLLY: MY LIFE AND OTHER UNFINISHED BUSINESS
by Dolly Parton
HarperCollins £16.99, 316 pages

Nothing if not ambitious, she visited Hollywood and reckoned she would like to substitute H for D. Hollywood now exists, a theme park devoted to herself and her mountain folks' background.

If there is a contradiction between the generic artificiality of the theme park and the authentic culture from which she sprang, it does not touch her.

Similarly, God not only accommodates her sexual freedom, He's right behind her plastic surgery ("I think it's part of God's work in this modern age that we have such wonderfully skilled people and technologies to keep us beautiful").

The biggest contradiction of all, and the great pleasure of this book is the sheer naturalness of this woman's voice. She includes a set of questions she thinks readers would like to ask at the back of the book: "What do you look like without your hair and make-up?"

Like hell! is the reply. Her wit could not be more direct, and coming as it does from the depths of rhinestones, wigs, and every manner of artifice, retains both charm and a certain mystery.

Like the antiquated men's club in which he stays on his trips to London, a relic of an earlier age; a small private income means that he does not have to work. In his attic room at the club, he takes out the props on which he relies: his pills and a china figure which reminds him of his estranged wife. In effect, he is making a shrine to St Anne, the first of two iconic figures who lend direction to his otherwise aimless existence.

By the time Anne appears in the novel in person, turning up in Worthing in a fretful state which suggests she is having second thoughts about the separation, John's affections have been transferred to an enigmatic and apparently friendless young woman called Rachel.

There is room in his pantheon for only one divinity, and the change is absolute, leading him to regard Anne's

BOOKS

The received wisdom about Carlyle goes as follows: Carlyle, a self-made Scot, a Victorian sage, lived his adult life in Chelsea where the earliest manuscript of his first important work, *The French Revolution*, was used by the maid to light the fire and destroyed. His marriage to Jane Baillie Welsh was never consummated. He is one of the ancestors of fascism. He is unreadable.

Some, but not all, of that is true, and Simon Heffer's judicious biography serves as a corrective. The Carlyles moved to 5 Great Cheyne Row (now 24 Cheyne Row) in 1834 and never lived anywhere else. Yet he was very Scottish. Heffer gives a full account of Carlyle's roots in Ecclefechan, Dumfries and Galloway. (The signpost "birthplace of Carlyle" is one of the first things that catches the eye when driving from the M6 into Scotland.) Carlyle once walked

Agony of a master

Anthony Curtis on a biography that challenges views of Carlyle

from his home to Edinburgh to enrol at the university; and after his marriage he often went back across the border to see his and his wife's relations.

It was John Stuart Mill's maid who lit the fire with the manuscript of the great work in progress on the French Revolution. Mill had borrowed it to give the author the encouraging reaction he badly needed. Heffer shows how well the two men behaved after the catastrophe, not letting it injure their friendship or their editor-contributor relationship.

It was a deep ideological rift that busted them apart later when their political creeds had matured and they had become polar opposites: rational

utilitarian (Mill), rhetorical authoritarian (Carlyle).

The lack of any sex at all in the marriage is, according to Heffer, not proven: the main source of the

MORAL DESPERADO: A LIFE OF THOMAS CARLYLE
by Simon Heffer
Weidenfeld & Nicolson £20, 420 pages

allegation, the novelist Geraldine Jewsbury, is slightly suspect because the relationship between her and Jane was like that between Vita and Virginia Woolf (see the latter's essay "Geraldine and Jane"). But Heffer makes it clear that if it was briefly

consummated, that was all. Jane always remained devoted but, he suggests, did not find being married to Carlyle much fun because her husband's first priority, into which he poured his entire energy and emotional commitment, was his work. She came a long way second. And Jane was not amused by Carlyle's soppy deference to Harriet Asburton when he had become famous.

Heffer does not attempt to play down the unpalatability to the modern reader of Carlyle's might-is-right outlook. Carlyle believed in slavery and seriously argued the case for it in his essay on "The Nigger Question". He championed Governor Eyre after the

massacre in Jamaica and the South during the Civil War. Hitler had Goebbels read from Carlyle's *Life of Frederick the Great* in the bunker. But to dismiss Carlyle as merely a proto-fascist is far too glib and simple. His attacks on quackery and sham have a continuing relevance, and he can be very witty.

Hence he is not unreadable and certainly should be read if Victorian values are to be understood, but a little of his inflammatory prose, with its over-use of the present tense and double-word couagues, goes a long way.

Heffer re-examines the exact nature of Carlyle's response to the development of the democratic process. His biography certainly does that but it is most memorable as a human document. It sensitively recreates the grinding diurnal round of Carlyle's long life, sparing us none of the agony out of which his masterpieces emerged.

Myths of tartanry and tushery

Iain Finlayson on the life and work of Scotland's great glamoriser

A more than usually long-sighted Scot, Fletcher of Saltoun, remarked that he should not care who made the laws, so long as he could make the ballads. He knew where true power, in the long-term, resided.

Sir Walter Scott, as a Scottish advocate and Sheriff of Selkirkshire, administered the law, but as a poet and novelist he created and largely defined a persistent image of Scotland that even now can make home-grown Scottish writers, thinkers and cultural nationalists weep with embarrassment while Edinburgh basheders

the dull reality of his immediate forebears and the cultivation of his heritage as a descendant of Border freebooters. And it is here, perhaps, that the nub of Scott's originality and contrariness lies. Sutherland had gathered a mass of evidence that subtly and devastatingly uncovers Scott's "hypocrisy", but this somewhat misses the point of Scott's character which has been defined in literary terms as the Scottish Antizygzy. Many writers, notably including James Boswell and Hugh MacDiarmid, have suffered from it - and Scott more than most.

Scottish Antizygzy is an ability to hold two conflicting ideas or principles in tandem, run with them, and see absolutely no contradiction in doing so. Scott, the rectitudinous man of law, severe in his service to the Crown, the Union and high Tory principles who would harry and bunt down a poacher as implacably as a supporter of the Reform Bill, was also in his heart a Border raider and never - a hard-hunting, hard-living man living by his wits as a thief and a warrior. Sutherland cites several instances when Scott sailed close to the wind in his complicated commercial and financial dealings, and describes his efforts to maintain a façade of probity and fair dealing. A difficult but not improbable combination for Scott.

He was not alone in his personal myth-making. He recruited the invaluable assistance of his son-in-law, Lockhart, whose biography of Scott is a model of subtle fiction, inspired invention and downright deceit where it comfortably glosses over inconvenient or dull fact to create a more inspiring and heroic figure. Lockhart, the son Scott would have preferred over his own blood, trimmed his tail to his patron's wind, which Sutherland's biography pleasureably junks.

In his debunking of Scott, Sutherland also tends to deprecate Scott's novels and poetry. It is true that *The Great Unknown* is now all the more unknown because of his massive unreadability. His politics, which pervade the literary work, are an integral part of it, and Scott's motivation - consciously or otherwise - was to redraw Scottish traditions and history; to bolster the Union; to magnify Tory values; and to define Scotland in antiquarian terms that explained and resolved inconvenient attitudes, preserving them in a sort of literary aspic to render them palatable.

This ornamental galantines has fed generations, and still it continues to be sliced fine - not through popular reading of the works, but through a legacy of sentimental Disneyfication of what is now perceived as a tourist-board fiction.

The result is an enduring Scottish Balmoral that can only be fully understood in the context of the secret, personal life of Walter Scott. John Sutherland presents here a convincing portrait of a man whose "enlightened self-interest" would have had little difficulty accommodating itself to the politics and opportunities for self-promotion in Thatcherite Britain.



"Impartiality is incompatible with the use of force": UN troops near Namibia

The decolonisation man

Edward Mortimer reviews an elegant, challenging look at the modern role of the United Nations

The British state, with unashamed age-lism, retires its civil servants at 60. This often seems wasteful, as many of them are then at the height of their powers. But it has the compensating advantage of maintaining a large pool of retired mandarins, free to speak their minds, whose experience can illuminate public debate. Sir Anthony Parsons, who retired from the diplomatic service in 1982 and then did a short stint as foreign affairs adviser to Margaret Thatcher, is one of the least pomous and most engaging of such figures.

In this book he casts the eye of a seasoned practitioner over the current travails of the United Nations, and suggests they are not really as new as they look. His subtitle is slightly misleading: the word "interventions" conjures up a picture of expeditionary forces sent to intervene in conflicts by assisting one of the parties, or by imposing peace on both of them. Only a few of the actions Parsons discusses fit this picture. His theme is the agenda and role of the Security Council, on which he served as Britain's permanent representative from 1979 to 1982.

Received wisdom has it that the UN has been transformed by the end of the cold war, which has liberated all too

council from permanent deadlock between its permanent members, enabling it to act more decisively and in a much wider variety of crises. Parsons disputes this.

Conceding readily that the cold war protagonists kept their mutual relations off the council's agenda, he points out that this did not prevent it from wrestling with a rich menu of crises, almost all related to decolonisation and its aftermath. And the "new agenda", he suggests, is "dominated by the decolonisation of the Russian Empire," while still including many unresolved legacies of European rule in Africa.

Describing himself as "the embodiment of Decolonisation Man," Parsons feels well qualified to comment on the council's alleged new decisiveness. Here too he concedes, with a hint of nostalgia, that it is much easier to get agreement on a Security Council resolution now than it was in his day, when working paper followed working paper, draft resolution followed working paper, group and bilateral consultations protracted until the moment of voting at last arrived". But he is surely right to question whether the resulting "torrent" of resolutions is "having any greater effect in the world of reality than did the laboriously achieved trickle of earlier days". The UN, he remarks, all too

justly, has "experienced as many fiascos and failures" in the past two or three years as at any time in its early history.

Passing resolutions may be easier than it was. Acting on them is if anything more difficult, since "it is no longer possible to invoke responsibility for subject peoples or the struggle against international communism in support of domestically unpopular

decisions". Disinterested internationalism, Parsons concludes sadly, "is coming a very poor second to national interest" in a world of proliferating civil conflicts far from major power centres," and "this is a poor look-out for the UN."

He does also have some useful prescriptions to offer:

■ Sanctions do not work "as a coercive device short of military force," but can be effective in reducing a threat when maintained and strengthened after the use of force, as against Iraq.

■ Impartiality "is incompatible with the use of force, which requires tak-

ing sides." Ergo, it is no good trying "to mix persuasion with military coercion in the same operation," as in Bosnia.

■ The UN's finances can only be straightened out "by reducing the gap between the American contribution and the rest." Parsons suggests the US should be assessed for only 10 per cent of the total, instead of 30 per cent as at present.

■ Since member states are so reluctant to engage their national armed forces on the UN's behalf, it should have a volunteer fighting force of its own, available to act when the Security Council wants to deter "a potential aggressor or warlord."

Parsons's account of past crises is succinct, lucid, and surprisingly readable, being enlivened with personal reminiscence and flashes of mischievous wit. There is a dazzling vignette, for instance, from the 1950s, when Parsons was in the British embassy in Ankara, the different negotiating styles of Sir Hugh Foot, then governor of Cyprus, and of Harold Macmillan, then prime minister. The former asks the Turkish foreign minister "Don't you trust me?" and is told bluntly "No." The latter, after a "long and implacable harangue" about the defects of his peace plan from the same foreign minister, gets up to leave for the airport "within an hour

or so the Turkish government had accepted the plan virtually wholesale."

My favourite item, though, is the one-paragraph review of another diplomat's memoirs which Parsons slips into his chapter on Namibia: "For almost the full eight years of the Reagan presidency, Chester Crocker, the American knight errant in Africa, sought to slay the Cuban dragon and free the Namibian princess. His quest, accompanied intermittently by his faithful British squire, followed a zig-zag route through the tangled undergrowth of a forest inhabited by benevolent and malevolent spirits which had to be cajoled, threatened, or bought off. His five hundred-page account, shorn of modesty in the best tradition of the medieval encyclopaist, is indispensable reading for the student of this labyrinthine exercise in decolonisation. It is ultimately heavy going. Stylistically, Mr Crocker lives in that circle of the semantic inferno where slang and jargon commingle. In substance, it is not so much that he fails to see the wood for the trees, rather that he feels obliged to subject each tree to a microscopic examination before continuing his journey through the forest."

Suffice it to say that Sir Anthony's own narrative contrasts with this model in every respect.

Fiction/Nick Curtis

Radical Islam meets Ecstasy

A Nazi use for nuclear waste

extremely hazardous. Also the contamination of enemy territory by the waste would have given the Germans immense problems assuming they would send in their own troops or administrators afterwards.

But what makes Henshall's ideas credible is the sheer scope of his detective work.

The book reads like a fascinating scientific whodunnit as

Henshall, a retired nuclear engineer, provides clues from

France, Germany, Japan and

the US to support his case.

Henshall's own meticulous inspection of V-2 launch sites in northern France gives

weight to his thesis, also the

technical drawings of the V-2

which he discovered, buried

away in UK government

archives. Henshall has also

scrutinised records of German

wartime research in rocketry

and nuclear engineering to

pose the possibility that the

The U-234 is known to have been carrying nuclear materials. However, the full facts have never been released, owing to the US's continuing reluctance to declassify its war-time files on nuclear research.

Henshall believes that Germany may have decided that Germany also secretly been supplying Japan with nuclear cargo to be carried by Japanese aircraft on bombing missions to the US western seaboard. According to this theory, the US's decision to drop its own nuclear weapons on Japan in July 1945 was prompted at least partly by the knowledge that the country had to be brought to its knees quickly before it could carry out its own terror strikes.

Many writers, armed with such theories, would have written a pot-boiling thriller full of wild ideas and irksome language. It is to Henshall's credit that he has stayed cool and used a restrained and precise writing style to come up with a view of history that might just might - be true.

Peter Marsh

VENGEANCE
by Philip Henshall
Alan Sutton Publishing £16.99, 180 pages

F or his second novel, Hanif Kureishi has abandoned much of the sybaritic arrogance that characterised his first and some series.

Well, fairly serious. *Where the Buddha of Suburbia* was about the 1970s and the suburbs, *The Black Album* is about the 1980s and extremism. Set at the time when a *fatwa* was issued against Salman Rushdie, this sporadically earnest story tells of young Pakistani student, Shahid, and his vagabond life between liberal secularism and radical Islam. The title refers to Prince's unreleased, lubricious LP, a yardstick against which to measure Rushdie's contentious *Satanic Verses*.

Sparingly written and carefully plotted, this is a measured and intelligent attempt to respond to the Rushdie death threat. Kureishi seems to

be aiming at a new maturity in style and theme, but his attempts are threatened by the resurgence of the old Hanif, who delights in descriptions of sex, drugs and rock and roll. Well, sex and drugs, at least.

The story begins with Shahid, up from the sticks and newly free of his family, seeking refuge from loneliness among fellow Asian students. But it really gets going once Shahid begins to stake his solitude in a different way with his course tutor, Deedee Dogood, a voluptuous white ex-hippie.

While his fellow Moslems take him on vigilante patrols of racist estates, Deedee takes him on an Ecstasy-led tour of sexual experimentation and personal intimacy. Shahid wavers between the two until the Moslems burn a copy of *The Satanic Verses* on

campus, forcing a decision on him.

As in Kureishi's previous novel, our hero is a red butted by forces around him. He slips into Islamic brotherhood as easily as he slips between his tutor's inviting sheets.

Unfortunately, Kureishi is far more convincing when writing

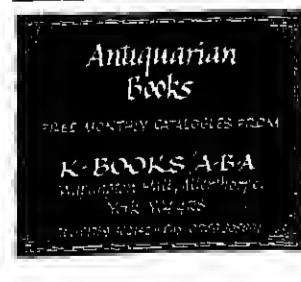
THE BLACK ALBUM
by Hanif Kureishi
Faber & Faber, £14.99 pages

about Shahid's introduction to heavy drugs than about induction into heavy religion. The passages detailing the growing organisation and fundamentalism of the Moslem student group have a halting, dream-like quality.

There is a subplot about Asian assimilation featuring Shahid's wastrel, Thatcherite brother, Chili. Chili is thor-

oughly condemned throughout until he fetches up like a wasted Asian John Wayne to save Shahid with some macho heroics. It is surely not Kureishi's point that one should combat religious extremism with cocaine and drugs, but this roister-doistering penultimate scene is symptomatic of a book which, like Shahid, is unsure of its convictions.

This is fair enough: *The Black Album* is more of a *cri de coeur* at a stormy moral issue than an attempt to provide answers. Kureishi comes down on the side of tolerance, but the statement carries less than the full weight of the book. At the end, the religious threat is stalled and Deedee and Shahid leave us, off for a dirty weekend "until it stops being fun". It is the sign of the old, horny Hanif rearing his hadonistic head again.



Antiquarian Books

FREE MONTHLY CATALOGUES FROM

K-BOOKS A-F

WEEKLY CATALOGUES FROM

THE BOOKSHELF

ARTS

Playing its own tune

The strengths of the Philadelphia Orchestra are being regenerated, reports Andrew Clark

With its arched facade and gilded interior, the Academy of Music in downtown Philadelphia is the very picture of tradition. This is the concert hall where Leopold Stokowski laid foundations for the Philadelphia Orchestra's world renown, where Eugene Ormandy developed "the Philadelphia sound", where Riccardo Muti was idolized by rich local matrons - and where Wolfgang Sawallisch, for the past year and a half, has been quietly building on the orchestra's inbred strengths.

One block away, the site of the orchestra's proposed new home lies empty. The land was bought in the late 1980s, and the orchestra has the perfect target - its centenary in five years' time - for inaugurating a new hall. But the project is in limbo, and a model by the distinguished Philadelphia architect Robert Venturi gathers dust in the Academy's foyer.

Like the city whose name it bears, the Philadelphia Orchestra seems happier contemplating its past than confronting the future. Audiences are mainly white and older-generation in an area where blacks and other minorities are a growing presence. With a faltering local economy, the box-office peaks of the 1980s have not carried over to the 1990s. There are fewer recordings. After decades of stability, the orchestra is struggling to adjust to a changing world.

A new hall would widen the audience and provide an urgently-needed recording venue. The Academy, built as a theatre in 1857, has been dubbed "the worst concert hall of any major orchestra in the world", with an acoustic which

deadens the sound as soon as it crosses the stage apron. Most touring orchestras avoid it, and there are no local alternatives. But older Philadelphians have a sentimental attachment to it, because of its physical beauty and the memories it evokes of Stokowski and Ormandy.

When Muti relinquished the music directorship in 1992, he was known to be frustrated by the slow pace of the campaign for the new hall. "The city lacks long-term vision," says Daniel Webster, music critic of The Philadelphia Inquirer.

"The orchestra is a great institution that deserves to move with the times, but its fundraising efforts are an embarrassment."

Despite these local difficulties, the orchestra has maintained its reputable standard of playing - something Sawallisch and his musicians hope to demonstrate this summer on their first European tour together. Beginning with two Proms appearances in London, they will perform music by Brahms, Strauss and Schumann. In a nod to Philadelphia tradition, Sawallisch will include one of Stokowski's Bach transcriptions, and there will also be a piece by the orchestra's composer in residence, Bernard Rands.

Sawallisch was not an obvious choice for music director. A 71-year-old Bavarian with an aura of steadiness, he lacked the "exciting" image with which American orchestras like to market themselves. Despite his solid reputation in Europe, he was little-known in the US: since the 1980s his few American appearances had been confined to the Philadelphia Orchestra.

"There's something in Sawallisch that locks into the orchestra's past," says Webster. "Ormandy gave us a constant diet of 19th century classics. Muti brought back some of the 18th century and tried to brighten the sound. With Sawallisch, the old weight and warmth is returning, and he has brought the repertoire up to date."

This season's concerts have included works by Henze, Hindemith, Stravinsky and Schoenberg, plus several contemporary American works - all of which belies Sawallisch's

But any doubts were quickly dispelled by the energy and skill with which Sawallisch tackled his new job. Where Muti gave the impression he had never really left Italy, Sawallisch showed respect for local custom and practice. He has bought a home in Philadelphia, proved a dab hand at children's concerts and spent time at the Curtis Institute - the elite conservatoire which provides the orchestra with many of its players.

A single event established his reputation in the wider public eye. When a snowstorm blew up on the day of a Wagner concert in February last year, many musicians were unable to come from the suburbs. Instead of cancelling the concert, Sawallisch volunteered to play the orchestral score from the piano. The doors were thrown open to anyone able to come.

"It was heroic - one of those events which generate enormous publicity and help to personalise a music director," recalls Paul Horsley, the orchestra's staff musicologist. "Philadelphia had been accustomed to a remove between themselves and Muti. Suddenly, Sawallisch was a trooper. He just sat, talked and played, and everyone felt very intimate with him. He was modest about it, but they could see he was a musician to his fingertips. The orchestra feels the same - they're constantly aware of a profound level of competence."

Instead of the glamorous peaks of the Muti era, Sawallisch has provided a plateau of high standards. Local critics detect a return to the sound and central European traditions which Ormandy developed in his 44-year reign.

"There's something in Sawallisch that locks into the orchestra's past," says Webster. "Ormandy gave us a constant diet of 19th century classics. Muti brought back some of the 18th century and tried to brighten the sound. With Sawallisch, the old weight and warmth is returning, and he has brought the repertoire up to date."

This season's concerts have included works by Henze, Hindemith, Stravinsky and Schoenberg, plus several contemporary American works - all of which belies Sawallisch's

conservative image. He has programmed lots of Haydn, a composer ignored by most American orchestras: it has proved a tonic for musicians and audiences. Sawallisch is also supervising the biggest change of personnel since the Ormandy era. The orchestra he inherited was noticeably ageing. He has put the emphasis on regeneration.

Sawallisch himself seems to have a new spring in his step. After a lifetime in the opera house, latterly dogged by

administrative and artistic problems in Munich, he has vowed never again to conduct staged opera. There will be some concert performances in Philadelphia, including *Ariadne auf Naxos* in May. His contract runs till 1998, beyond which he has refused to commit himself.

But it is no surprise that he should feel at home with the most European-sounding of the "big five" US orchestras. He says he was always fascinated by the richness of the strings

natural, with a beautiful sonority that works as well for Stravinsky as for Bruckner. I hope we can refine the complete sound a little, make it more elegant, and that's why we're playing so much Haydn. But I don't want them to lose their old habits! That's part of the orchestra's magic mystery."

"For the big works of eastern Europe - Rimsky-Korsakov, Tchaikovsky, Rachmaninov, works often performed by Ormandy - you need this extraordinary intensity in the string sound. It's never forced or harsh - it's absolutely

natural, with a beautiful sonority that works as well for Stravinsky as for Bruckner. I hope we can refine the complete sound a little, make it more elegant, and that's why we're playing so much Haydn. But I don't want them to lose their old habits! That's part of the orchestra's magic mystery."

Wolfgang Sawallisch conducts the Philharmonia Orchestra tonight and on Tuesday at London's South Bank Centre.

Boulez bonanza

Richard Fairman on the birthday celebrations

The Boulez 70th birthday celebrations for five years in the making, but as the last violent chord of *The Rite of Spring* struck home on Wednesday, the effort will have seemed well worth it. The artistic success of the series has confirmed perceptions that the London Symphony Orchestra is currently leading the orchestral stakes in Britain, while raising its profile markedly overseas.

Altogether, there have been six concerts at the Barbican in London. The first three have already been seen at the Théâtre Champs-Elysées in Paris and the remaining three follow Saturday to Monday this weekend; the series then moves on, in whole or part, to Vienna, New York and Japan. An orchestral manager in Scandinavia visibly blanched when he heard of the tour's scope and the quality of soloists being hired. Orchestras do

not easily raise the finance for international exploits on this scale, least of all in penny-pinching Britain.

Clive Gillinson, the LSO's Managing Director, explains that the plans started fairly piano and only grew into a *fotissimo* later on. The initial impulse to mark Pierre Boulez's 70th birthday came from the orchestra. Within a few weeks of the idea being floated, the Parisian connection was made, with Vienna and Japan wanting to join in, later, as the musical programme became clearer. Paris mostly raised its own finance; for New York and Japan the orchestra has sponsored from Takeda Chemical Industries, the Japanese pharmaceutical company.

In London, where the box office receipts are already in, the series has been a success. The six programmes (two with repeats) have averaged about 90 per cent attendance, which could not have been guaranteed.

Boulez made a sympathetic accompanist, warning to the music so generously as to make that infamous American headline ("The iceman cometh") seem to belong to another age. In fact, there were two soloists in this programme, as Laura Alkin had already featured as the poised soprano in Boulez's own *Philémon et Philemone* - Improvisation III. After hearing her, Boulez traced his musical ancestry back to Varèse and Berg in the previous concerts, it helped complete the picture to hear this infinitely French work deriving from Debussy and Ravel: the impressionists' subtle blending of precision and suggestiveness.

Over the six programmes Boulez has covered all the main roots of the 20th-century musical tree. It was fitting that he should end with Stravinsky's *Rite of Spring*. Although there were passages when the tension flagged, this was by and large a strongly-motivated performance, which capped the impression of an LSO operating close to the pinnacle of its achievements. The risks taken with this Boulez series have paid off handsomely. Next season the orchestra moves on to Bruckner, full of confidence.

It is fair to say that I know less than nothing about rugby. After I had played two weeks of it (aged 9), my family asked me what position I played. "Goalie," I said and I never played it again. Therefore, where others regard John Godber's rugby play *Up 'n' Under* as sheer entertainment, it also serves for me a didactic function. It is what Horace said poetry should be at once *dulce* and *utilis*. Training, anticipation, doubt, panic, bravado, exhilaration; the pass, the scrum, the conversion, the try, male bonding, suspension of private life, team spirit... all these elements of rugby are here on stage. But for many in its audience it is didactic in another way: they come knowing all about rugby, and they leave learning much about theatre.

Up 'n' Under
Alastair Macaulay sees a playwright score sweetly

Godber is a theatrical satirist who takes as his subjects the most clichéd institutions of British life: clubbing, school, marriage, sport, and others. His method is to anatomise their sociology and psychology - while telling a story of sorts - and to present his dissection in a vivid and highly economical, theatrical manner that makes minimum use of scenery or costumes and maximum use of his performers. Language is often concentrated, sometimes heightened, always direct. He seems always to hit the target, and to carry his audience with him.

Up 'n' Under expect a rugby play to be touching.

Too touching, actually. Godber mars his play witharrant sentimentality: the ladies all rally round to help Arthur win his bet, a girl shows herself their equal and finally their team-mate, everyone learns to find courage against overwhelming odds. These flaws make *Up 'n' Under* weaker than some of his other works.

But Godber is always good company, and Richard Lewis's direction here has mischieved enough to keep the audience in stitches. The six players (Roger Alborough, Nigel Betts, Adrian

Hood, William Ikley, John Kirk, Nicola Vickery) summon up all the facets of the rugby milieu - Ikley is particularly fine - and make better than most of the performers I saw in this year's London Minnie Festival. I adore Arthur's overstylised preparation for his big penalty kick; he (Betts) earnestly but unconsciously collects himself in a perfect ballet fourth position (*croisé*, with fastidious *épaulement*). Even better are the slow-motion passages, as shown on *Grandstand* or *Sportsnight*. And then there are the songs - "Bye, bye, blackbird", "Dream, dream, dream" - which the players sing to pull them through Sweet stuff.

At the Playhouse Theatre, London WC2

New season at Glyndebourne

For its second year in its new opera house Glyndebourne is returning to a six production repertoire for its 1995 season which opens on May 22 with the first British performance of Rossini's *Ermione*, an early work of 1819, based on Racine's classic tragedy *Andromaque*.

The other new production,

Warner's controversial version of *Don Giovanni*. Completing the repertoire are a popular Glyndebourne success of 1992, Tchaikovsky's *The Queen of Spades* and the youthful Mozart's *La Clemenza di Tito*.

To fill the new auditorium Glyndebourne has to sell over

attract first time visitors who can apply for tickets by post from March 23, in person from April 26 and by phone and fax from April 27. Prices are marginally higher, with stalls at £105 and most other seats at £78 and £52, but there are slips available for £15 and £20, and a few £10 standing places.

Glyndebourne is keen to

Antony Thorncroft

SPANISH STILL LIFE from Velázquez to Goya

22 February - 21 May 1995

Closed Good Friday
Monday to Saturday
10am-6pm
Sunday 3pm-6pm
Wednesday until 8pm
Spanish Music
from 5.30pm
Admission: £4,
concessions £2,
Wednesdays
5.15-7.15pm: £2
National Gallery
Information:
0171-747 2885
Sainsbury Wing
Entrance,
Trafalgar Square,
London WC2

THE NATIONAL GALLERY
Sponsored by Glaxo

PROSTITUTION

Man Ray

Exhibition:
London, 17th to 22nd March, 9am to 4.30pm
(Saturday 18th March, 10am to 5pm and
Sunday 19th March, 12 noon to 5pm)
Special Evening View:
Monday 20th March, 6pm to 8.30pm

Sotheby's, 34-35 New Bond Street
London W1. Contact: Melanie Clore
Tel: (0171) 408 5994

Sale:
London, 22nd-23rd March 1995
Sotheby's, 34-35 New Bond Street
London W1

SOTHEBY'S
FOUNDED 1744

ARTS

The romantic idea of the genius undiscovered in his garret may be just that, a romantic idea, but common sense tells us that there are always more artists worthy of general recognition than are acknowledged.

György Gordon is now 70. Hungarian by birth, he studied at Budapest in the early 1950s and came to England in the aftermath of the Hungarian Uprising of 1956. He settled at Wakefield, where he took up a post at the art school from which he has at last retired. The career of the artist-teacher, with its creative frustrations and disinterested rewards, is the common-place of British practice in the visual arts. Many such towns must have their György Gordons.

He is a romantic expressionist painter who has looked somewhat self-consciously to Francis Bacon in his more overtly symbolic and generalised compositions, while evincing, perhaps, a truer sympathy for late Bomberg in the more private and intuitive images. This more personal work is by far the more successful.

Here there is a paradox, for the self-portrait is the motif that runs through all his work, and how can a self-portrait be anything but self-conscious? Yet some are self-dramatising, even self-pitying, and others are not. It is not to make light of the personal experience that may have informed the former, particularly in the earlier work, to point out that the latter are the more poignant and compelling. Any artist is most himself when lost in his work, and Gordon is no exception. Some tendenziously sentimental labels apart, this is an intriguing and deserved retrospective.

Kiki Smith is self-conscious as only the polemical feminist artist can be, and it is only by the self-regarding apologetics of feminist criticism that her work can be justified. Many of these female figures, moulded from life in paper, wax or plaster, are cast portentously in bronze. But the actual modelling of form and surface is vague, perfunctory, uninformed and incurious.

The body, in Smith's work, runs the catalogue note, "is always in process - just emerging from, or on the verge of slipping back into, inchoate matter... she searches for exceptions to our biological determinism in mythopoetic accounts of women... In 'Peacock' a woman sits on the floor while fanning out behind her on the wall is an enormous peacock tail... the central jewel... formed from delicate drawings of blue vaginas." Actually she is looking sideways



A romantic expressionist: 'Self-Portrait with Window 1' by György Gordon

Self-conscious portraits

at these recondite motifs, worked on squares of paper to which she is curiously attached by pieces of string, two of which drop from her eyes.

A more modest but infinitely more effective demonstration of the cost of inhabiting the female body is made by Susan Macfarlane, who was invited to work in cancer laboratories, operating theatres and recovery wards in London and Gloucester. Her engagement is with neither the mythopoetic nor

the politics of gender, but with a hard and fearful reality. The simplicity, humour and unsentimental directness of her approach gives her work an added force.

Occasionally she too slips into self-consciousness. Her nude on an operating table is particularly arch, and her rapid graphic notation verges on the caricature from time to time. But for painterly and technical tricks she commands, the quick image laid over

the variegated gesso grounds and scumbles, merely allow her the more readily to engross herself in the quiet human drama acted out before her.

William Packer

György Gordon: National Portrait Gallery, St Martin's Place WC2, until June 25, then Wakefield, a Huddersfield Art Gallery Touring Exhibition; also at the Hart Gallery, 113 Upper Street N1, until April 2. Kiki Smith: Whitechapel Art Gallery, Whitechapel High Street E1, until April 23, supported by the Henry Moore Foundation. A Picture of Health by Susan Macfarlane, Foyer Gallery, the Barbican Centre, Silk Street EC2, until March 25, then national tour; sponsored by Bristol Myers Squibb Pharmaceuticals, JS Pathology and Unilever UK. After Auschwitz, reviewed on Tuesday, is at the Festival Hall.

Having watched all this apart from *The Peanut Club*, the first thing to be said is that anyone hoping that television was finally going to provide a spot of late night arousal will be disappointed. The implication in Channel 4's phrase "a unique and challenging zone of programming aimed at an adult audience" is really not fulfilled. There is nothing here that could not be watched by an intelligent and open minded 13-year-old. If the opening night is anything to go by, then this season is going to be worthy, not to say po-faced, and concerned overwhelmingly with North America.

NYPD Nude serves as a good example of the whole. It is devoted not so much to sex as sexual politics: does one police-woman posing for *Playboy* "damage" other police-women and prevent them being "taken seriously", or does she prove that women now have the best of all possible worlds, able to do jobs once regarded as men's while still exploiting male appetites? Actually the second half of that question is not

addressed, but then the programme was made by a woman. Like so many of today's documentaries, it eschews both the reporter and the voice-over, leaving you with the protagonists speaking for themselves, a formula which seems particularly pure until you remember that the producer chose all the protagonists and then chose precisely which hits of their contributions to use.

White Jazz has little to do with sex, more to do with murder, and a great deal to do with the inside of James Elroy's head. It is not immediately clear what it is doing in this season at all. *Blue*, on the other hand, although it, too, has much to do with the inside of someone's head, is concerned almost entirely with sex. This makes for a most unusual piece of work since it is neither an exploitation flick nor a comedy. It is a poignant tale, with a neat twist at the climax, about the masturbation fantasies of a respectable middle-aged man, who dwells upon an old fashioned soft-porn movie.

Next week the evening begins with *Mornington Dairies* in which a band of Bradford prostitutes reveal all (except their bodies) to the cameras: prices in car and out, dressed and undressed; punters' requirements - mostly sad, often weird; reasons for going on the game; relationships with their own men, and so on. Then comes *Scarborough Aborts*, yet another drama about an oddly assorted couple spending time out of season in an English seaside town. It is remarkable chiefly for the extraordinary professionalism achieved by its creators who are in the running for Student Oscars. The third week begins with *Go-Go Archipelago*, a documentary account of Russian girls undercutting their American can sisters in New York go-go joints.

Having watched all this apart from *The Peanut Club*, the first thing to be said is that anyone hoping that television was finally going to provide a spot of late night arousal will be disappointed. The implication in Channel 4's phrase "a unique and challenging zone of programming aimed at an adult audience" is really not fulfilled. There is nothing here that could not be watched by an intelligent and open minded 13-year-old. If the opening night is anything to go by, then this season is going to be worthy, not to say po-faced, and concerned overwhelmingly with North America.

NYPD Nude serves as a good example of the whole. It is devoted not so much to sex as sexual politics: does one police-woman posing for *Playboy* "damage" other police-women and prevent them being "taken seriously", or does she prove that women now have the best of all possible worlds, able to do jobs once regarded as men's while still exploiting male appetites? Actually the second half of that question is not

perhaps one day television will present us with a season that deals with heterosexual relationships not in terms of criminality, exploitation and violence but as one of the few aspects of life which most people find consistently enjoyable.

Chess No 1065: 1... Bc6 Rf4 g5 3 RxP Rb4 4 Rxh4 gxf4 5 Kf3 b3 6 Kf4 (6 Kf3 bishop takes e4 winning a piece) Bxe4 7 Kxe4 h2 and queens.

The news that Radio Scotland is to contribute more to the national - I mean British, therefore multi-national - network is welcome. I have sung the praises of the Caledonians before, though it seems that lately they have sent as much talent south as they keep. Sheena McDonald politely, unstoppably, skewering the Sunday Times for its Michael Foot-KGB story on Radio 4 is just the latest example. Magnus Linklater could do with some of her deadly, courteous thrust, to judge by his relatively ineffectual showing on Radio Scotland against the SNP leader last Sunday. A mini-scandal concerning alleged hugging and the private life of an SNP candidate fell flat before the ferocious Alex Salmond, who is more effective on radio than television where his engaging resemblance to Victor Spinetti makes one take him less seriously than he merits.

In England the sexual tendency is reversed. Last week Radio 4's *Mediawave* was presented not by Joanna Coles but a male stand-in (though the ineffectual Radio Times was unaware of the fact) and the difference was marked: professionalism, the ability to read a

script and conduct an interview. This was as well, since Richard Lambert, the FT's editor, joined a colleague from The Independent to comment on the press treatment of the Barings affair. The papers have reacted along class lines, with the tabloids enjoying the crusty out-of-touch aristos meeting their come-uppance from "nerdy people crossed with barrow boys". The most telling fact, as our man pointed out, was the firm alignment of The Times on the side of cheap populism - complete with thrill-packed heading and picture, mystifyingly, of Peter O'Toole as Lord Jim. The imbroglio's quick resolution has disappointed those hacks who were kitting themselves up for a cruise in south-east Asia. "Even The Independent can afford to send someone to Frankfurt," said the Independent man, regretfully.

Foreign Postings has shown that though banking may not be what it was, our men abroad are still made of the right stuff. In a series on the

Clovis seems to understand that H.H. Munro wrote the funniest dialogue of the post-Wilde era. These irony-malicious short stories of socialite Edwardiana, softened by sympathy, for the underdog (children against bullying adults, animals against humans), are masterpieces. Justin Greene's adaptations are not half bad, especially when inventing the dialogue merely repeated indirectly in the original. Only the casting of the title role lets things down: Mark Tandy sounds the right class, rare enough with young actors these days, but rattles out his lines at an unswerving speed and in an unvarying near-monotone. Otherwise, the cast quivers with good intentions: John Sessions, Prunella Scales, Samuel West, Angela Thorne... for a lifelong Saki fan the prospect is entrancing. He is a *petit maître* and we should cherish him.

FT ARTS GUIDE FAX

If you are interested in the arts, we have a weekly fax service to suit you. Our UK Arts Guide covers those major productions reviewed in the FT - giving a full listing of events and also the option to access the FT review of your choice.

SOUTH BANK
Tel/CC 0171-528 8300 10am-5pm daily "Red Charity"
ROYAL FESTIVAL HALL
Sat 11 Mar PHILHARMONIA ORCHESTRA Wolfgang Sawallisch (cond) Murray Perahia (piano) Schumann Piano Concerto 8pm Music of Today E20, E22, E17, E10, E5 "Philharmonia Ltd"
Tue 14 Mar PHILHARMONIA ORCHESTRA Wolfgang Sawallisch (cond) Murray Perahia (piano) Don Juan; Also sprach Zarathustra; Beethoven Violin Concerto; Schubert Piano Concerto Landestheater Linz E20, E22, E17, E10, E5 "Philharmonia Ltd"
Wed 15 Mar BBC SYMPHONY ORCHESTRA Elgar: The Music Makers; Andrew Davis (cond) Antonio Meneses (cello) Handel/Overture to Orlando; Haydn: Symphony No.2 BBC Radio 3 FM
Thu 16 Mar BBC SYMPHONY ORCHESTRA Elgar: The Music Makers; Andrew Davis (cond) Antonio Meneses (cello) Handel/Overture to Orlando; Haydn: Symphony No.2 BBC Radio 3 FM
Fri 17 Mar CLOUEN ELIZABETH HALL
Sat 18 Mar VERDI'S LA BATTAGLIA DI LEONNAGO Chiefo Opera Group Orchestra & Chorus, Gran Leonardi, Lino Tassanini, Gianni Cammarano. Concert performance in Italian. E17.50, E18 (ONLY) "Chelsea Opera Group"
Sun 19 Mar LONDON SAZUZUKI GROUP Christine Livingstone (dir of music) A concert of classical music including solo and ensemble items given by 10-year-olds and 16-year-olds. E27 (ONLY) "London Suzuki Group"
Mon 20 Mar MIKOLAS DEMIDENKO with Milton Keynes City Orch, H. Davison (cond) A Handel (10) Suzuki Ensemble, Prog Inc Haydn, London 2000, 2001, 2002, 2003, 2004, 2005 Mendelssohn Italian, Spotts: E15, E12, E9, E5 "MRCO"
Tue 21 Mar NEW SINFONIETTA AMSTERDAM Lev Margulic (cond) J.W. van Nieuw (mezzo) Beethoven: String Cto, Op.85; Wagner: Meistersinger: Lieder, Schubert: Piano Concerto Op.110b. E16, E12.50, E10, E8, E5 "ICM Artists (London) Ltd"
Thu 23 Mar MOZART & HIS CONTEMPORARIES London Mozart Players, Christopher Bell, Jennifer French, Stomu Symphony, Mozart Piano Concerto K.467, K.491, K.503, K.522, K.524, K.527, K.528 E28 (ONLY) "HMS"
Fri 24 Mar LONDON SINFONIETTA The 40's War & Peace, Sir Simon Rattle (cond) Verdi: Requiem, Prokofiev: War & Peace, Shostakovich: Symphony No.5, Shostakovich: Babi Yar, Holst: The Planets, Ravel: Rhapsody in Blue, Debussy: La Cathédrale Engloutie, Inc: Grosser, Ravel: L'heure Espagnole, Mephisto Polka. Concert paraphrase on themes from Verdi's Rigoletto. E10, E8, E5 "Sinf Prods Ltd"
Sat 25 Mar PURCELL ROOM (opp) Haydn, Hob. J.VII/20: Dido & Aeneas, Inc: Grosser, Ravel: L'heure Espagnole, Mephisto Polka. Concert paraphrase on themes from Verdi's Rigoletto. E10, E8, E5 "Sinf Prods Ltd"
Sun 26 Mar BEETHOVEN'S 200th B-Day Music Series: Shostakovich: War & Peace, Piano Trio, Op.70; Dvorak: Dumky, Fireworks, etc; The Thunderstorm, Op.70; Tchaikovsky: Admiration Songs (revised very "WP"). E10, E8, E5 "NCS"
Mon 27 Mar BEETHOVEN'S 200th B-Day Music Series: Shostakovich: War & Peace, Piano Trio, Op.70; Dvorak: Dumky, Fireworks, etc; The Thunderstorm, Op.70; Tchaikovsky: Admiration Songs (revised very "WP"). E10, E8, E5 "NCS"
Tue 28 Mar BEETHOVEN'S 200th B-Day Music Series: Shostakovich: War & Peace, Piano Trio, Op.70; Dvorak: Dumky, Fireworks, etc; The Thunderstorm, Op.70; Tchaikovsky: Admiration Songs (revised very "WP"). E10, E8, E5 "NCS"

TREVOR PINNOCK conductor
HÅKAN HARDENBERGER trumpet
National Arts Centre Orchestra, Canada
Beethoven Symphony No.3 "Eroica"
Trumpet Concerto in E flat Linda Boenack
Verlaine (London Premiere)
Mendelssohn Symphony No.3 (Scottish)
Barbican Hall, SUNDAY 12 MARCH 7.30pm
Tickets £6.50 - £20 Box Office/CC 0171-638 8800
Presented by Van Wensem Management Ltd

Please note: If you experience any difficulties accessing our service by dialling from the keypad of your machine, try the Helpdesk line (0171 873 4378), stating this fact, and we will send you a connecting device to enable you to use your telephone with your fax.

Calls are charged at 30p per minute cheap rate, 40p per minute at all other times.

Financial Times Information

INTERNATIONAL ARTS GUIDE

What's on in principal cities

AMSTERDAM

GALLERIES

- *Amsterdam's Historische Tel:* (020) 523 1822. *Hunger, Winter and Liberation in Amsterdam*: exhibition that marks the changes in Amsterdam during the last months of the second world war and the liberation; to Sep 3.
- *Jewish Historical Tel:* (020) 626 9945. *Taking a Stand*: exhibition shows the work of two artists, Ralph Prins and Felix Nussbaum, to commemorate the 50th anniversary of the liberation. Nussbaum was killed in Auschwitz and Prins was one of the survivors of the Theresienstadt camp; to May 7.
- *Rijksmuseum Tel:* (020) 673 2121. *UKYO-E*: Japanese prints; to May 28.
- *Stedelijk Tel:* (020) 5732 8111. *Alfa Romeo: The Essence of Beauty*: exhibition marking the development and design of Alfa Romeo cars; to Apr 2.

THEATRE

- *Het Muziektheater Tel:* (020) 551 89 22. *Schoenberg Trilogy*: new production of "Die Gluckliche Hand", "Von Heute auf Morgen" and "Erwartung" with David-Wilson Johnson and Isolde Eichlepp. Winfried Mezzewski conducts; 8pm; Mar 11, 14, 16.
- *Museumplein Tel:* (020) 420 0200. *Saltimbeni*: performed by the Canadian troupe *Cirque du Soleil*. Involving acrobats, jugglers, pop music and computers; 8.15pm; to Mar 19 (Not Mon).

BALTIMORE

CONCERTS

- *Symphony Hall Tel:* (410) 783 8000. *Baltimore Symphony Orchestra*: with cellist Mihaly Virzay and violinist Dmitry Sitkovetsky. Maximiano Valdes conducts Strauss and Brahms; 8.15pm; Mar 16, 17, 18.

THEATRE

- *Center Stage Tel:* (410) 685 3200. *Happy End*: book and lyrics by Bertolt Brecht, music by Kurt Weill. Irene Lewis directs this adaptation by Michael Feingold set in 1920s Chicago; 7.30pm; to Mar 26.

BARCELONA

GALLERIES

- *Fundacio Joan Miro Tel:* (93) 329 19 08. *Julian Schnabel*: including 30 large format paintings and four monumental sculptures displayed outside the building; to May 14.

BERLIN

GALLERIES

- *Alte Museum Tel:* (030) 203 55 00. *Munch and Germany*: exhibition of early works by Norwegian artist Edward Munch and German artists influenced by him; to Apr 23.
- *Deutsches Historische Tel:* (030) 215020. *Art from the GDR 1949-1990*: exhibition that looks at politically commissioned art in the German Democratic Republic; to Apr 18.
- *Pictures and References to German History*: exhibition with more than 2,000 paintings, coins, materials and other artefacts; to Dec 1 (Not Sun).
- *Neue Nationalgalerie Tel:* (030) 2662653. *George Griez, Berlin-New York*: exhibition of the German Dadaist who emigrated to the US; to Apr 17.

OPERA/BALLET

- *Deutsche Oper Tel:* (030) 3419249. *Die Zauberflöte*: by Mozart. Conducted by Lawrence Foster. Sebastian Lang-Lessing/Stefan Soltész and produced by Günter Krämer; 7pm; Mar 13, 15.
- *Marta oder Der Markt zu Richmond*: by Friedrich von Flotow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Baumfeld; 7pm; Mar 11, 14, 16.
- *Tannhäuser*: by Wagner. Conducted by Jürg Käufli, production by Götz Friedrich; 8pm; Mar 12.

BOLOGNA

OPERA/BALLET

- *Teatro Comunale Tel:* (051) 528999. *Carmen*: by Bizet. A new production directed by Frederico Tizzoli and conducted by García Navarro. Soloists include Elena Zaremba as Carmen and María Bayo as Micaela; 8.30pm; Mar 12 (3.30pm), 14 (3.30pm), 18 (8pm), 19.

FRANKFURT

CONCERTS

- *Alte Oper Tel:* (069) 1340 400. *Flamenco*: Ampero de Triana with her group; 8pm; Mar 18.
- *Radio Symphony Orchestra*: Frankfurt with pianist Tzimon Barto, Dmitri Kitajenko conducts Ravel, Gershwin and Mussorgsky; 8pm; Mar 15 (7.30pm), 16, 17.

GALLERIES

- *Arte Grial Tel:* (069) 97 58 37 88. *Le Corbusier*: Le Corbusier, famous for his architecture, also produced oil paintings, watercolours, drawings and graphics. This is an exhibition of 40 such works created between 1928 and 1954; to Mar 31.

GENEVA

GALLERIES

- *Art et Histoire Tel:* (41) 311 43 88. *Icons*: the Mavromichalis



Barbara Hendricks in concert in Paris

- *Bayrische Staatsoper Tel:* (089) 22 13 16. *Bayerischen Staatsorchester*: Peter Schneider directs Off's "Antigones"; 8pm; Mar 13, 14.
- *Evening of Songs* with Cecilia Bartoli and pianist Myung-Whun Chung. Includes pieces by Bizet, Delibes and Ravel; 8pm; Mar 16.

GALLERIES

- *Bayerisches Tel:* (0 89) 211 24 218. *The Golden Knight*: an example of medieval goldsmith's work from Paris; to Apr 20.
- *Haus der Kunst*: *Deutsche Romantik*: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and their cultural and political impact on later German artists; to May 1.

OPERA/BALLET

- *Bayerische Staatsoper Tel:* (089) 22 13 16.
- *Der Junge Lord*: by Hans Werner Henze. A new production by Günter Krämer and conducted by Dennis Russell Davies; 7pm; Mar 12.
- *Don Giovanni*: by Mozart, in Italian. A new production by Nicholas Hytner with conductor Hans Drewarz; 7pm; Mar 11, 18.
- *Il Trovatore*: by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7pm; Mar 15, 17.

NEW YORK

- **CONCERTS**
- *Avery Fisher Tel:* (212) 875 5030. *New York Philharmonic*: Valery Gergiev conducts Ligeti, Berioz and Tchaikovsky; 8pm; Mar 11, 14.
- *New York Philharmonic*: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 16, 17 (2pm), 18.
- *The London Philharmonic*: Frank Welser-Most conducts Shostakovich and Strauss; 3pm; Mar 12.
- *The London Philharmonic*: plays Mozart, Bartók and Tchaikovsky; 8pm; Mar 13.

- *Carnegie Hall Tel:* (212) 247 7800. *Yuri Bashmet*: debut at this venue for the violinist recently named "Instrumentalist of the Year" at the 1994 International Classical Music Awards. He is joined by pianist Mikhail Muntan to play Marais and Shostakovich; 8pm; Mar 14.

- *Madama Butterfly*: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 11, 14, 18.

- *The Cunning Little Vixen*: by Leoš Janáček. Original director, David Pountney; 7.30pm; Mar 13, 18.

- *Royal Opera House Tel:* (0171) 340 4000.

- *Giselle*: music by Adolphe Adam. A Royal Ballet production, choreographed by Merle Proctor after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 17.

- *Salomé*: by Strauss. A new production directed by Luis Bonduy and conducted by Christoph von Dohnányi; 8pm; Mar 11 (7pm), 15, 18.

- *Opera Gala Night*: operatic highlights from the London Symphony Orchestra conducted by Paul Wynne Griffiths. Soloists include soprano Josephine Barstow and tenor Arthur Davies; 8pm; Mar 11.

- *The Magic of Mackerras*: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and violinist Tasmin Little in Dvořák, Janáček and Martinů; 7.30pm; Mar 12.

- *Nusrat Fateh Ali Khan*: the leading singer of qawwali devotional music; 7.30pm; Mar 18.

- *Opera Gala Night*: operatic highlights from the London Symphony Orchestra conducted by Paul Wynne Griffiths. Soloists include soprano Josephine Barstow and tenor Arthur Davies; 8pm; Mar 11.

- *Festival Hall Tel:* (0171) 928 8800.

- *Evgeny Kissin*: pianist plays Schubert, Chopin, Liszt and Schumann; 8.15pm; Mar 12.

- *Philharmonia Orchestra*: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11, 14.

- *Queen Elizabeth Hall Tel:* (0171) 928 8800.

- *Deutsche Kammerphilharmonie*: Michael Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18.

- *Apollo Shaftesbury Tel:* (0171) 494 5070.

- *In Praise of Love*: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun).

- *Whitney Museum*: Franz Kline, Black and White 1950-61; major Abstract Expressionist works from the last decade of the artist's life; to Mar 12.

- *Opera*: Alice's Adventures Under Ground: adapted from the writings of Lewis Carroll by Torn Stoppard. With Felicity Kendal, Margaret Tyzack and Art Malik; (Not Sun).

- *The Magic of Mackerras*: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and cellist Steven Isserlis in Dvořák; 7.30pm; Mar 17.

- *Festival Hall Tel:* (0171) 928 8800.

- *Evgeny Kissin*: pianist plays Schubert, Chopin, Liszt and Schumann; 8.15pm; Mar 12.

- *Philharmonia Orchestra*: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11, 14.

- *Queen Elizabeth Hall Tel:* (0171) 928 8800.

- *Deutsche Kammerphilharmonie*: Michael Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18.

- *Apollo Shaftesbury Tel:* (0171) 494 5070.

- *In Praise of Love*: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun).

- *Whitney Museum*: Franz Kline, Black and White 1950-61; major Abstract Expressionist works from the last decade of the artist's life; to Mar 12.

- *Opera*: Alice's Adventures Under Ground: adapted from the writings of Lewis Carroll by Torn Stoppard. With Felicity Kendal, Margaret Tyzack and Art Malik; (Not Sun).

- *Festival Hall Tel:* (0171) 928 8800.

- *Evgeny Kissin*: pianist plays Schubert, Chopin, Liszt and Schumann; 8.15pm; Mar 12.

- *Philharmonia Orchestra*: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11, 14.

- *Queen Elizabeth Hall Tel:* (0171) 928 8800.

- *Deutsche Kammerphilharmonie*: Michael Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18.

- *Apollo Shaftesbury Tel:* (0171) 494 5070.

- *In Praise of Love*: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun).

- *Whitney Museum*: Franz Kline, Black and White 1950-61; major Abstract Expressionist works from the last decade of the artist's life; to Mar 12.

- *Opera*: Alice's Adventures Under Ground: adapted from the writings of Lewis Carroll by Torn Stoppard. With Felicity Kendal, Margaret Tyzack and Art Malik; (Not Sun).

- *Festival Hall Tel:* (0171) 928 8800.

- *Evgeny Kissin*: pianist plays Schubert, Chopin, Liszt and Schumann; 8.15pm; Mar 12.

- *Philharmonia Orchestra*: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11, 14.

- *Queen Elizabeth Hall Tel:* (0171) 928 8800.

- *Deutsche Kammerphilharmonie*: Michael Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18.

- *Apollo Shaftesbury Tel:* (0171) 494 5070.

- *In Praise of Love*: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun).

- *Whitney Museum*: Franz Kline, Black and White 1950-61; major Abstract Expressionist works from the last decade of the artist's life; to Mar 12.

- *Opera*: Alice's Adventures Under Ground: adapted from the writings of Lewis Carroll by Torn Stoppard. With Felicity Kendal, Margaret Tyzack and Art Malik; (Not Sun).

- *Festival Hall Tel:* (0171) 928 8800.

- *Evgeny Kissin*: pianist plays Schubert, Chopin, Liszt and Schumann; 8.15pm; Mar 12.

- *Philharmonia Orchestra*: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11, 14.

- *Queen Elizabeth Hall Tel:* (0171) 928 8800.



Peter Aspden

Dangerous joy of skewered brains

At any moment, in any ring, a boxer could die. That is the whole point of the sport

Some years ago, I was at the tail-end of a particularly languorous lunch with friends at a favourite Greek restaurant - the owner staring at his watch, the rest of us counting the stars on the Metaxa bottle with a sense of achievement - when a remarkable trio of men walked in. Their Latin good looks, sharpness of suit and generally louche demeanour were noteworthy enough in this nondescript part of London; but their behaviour was even stranger. No sooner had two of the men sat down than the oldest, shortest and sharpest of the three, entered into detailed negotiations with the exasperated restaurateur over what "the boys" could eat at this time of day.

The emphasis seemed to be on "meat" - and plenty of it. A waiter promptly appeared with a mountain of freshly-barbecued lamb and pints of orange juice. My friends and I speculated wildly, concluding that a Colombian drug baron had taken a wrong turning somewhere in Miami and his towering bodyguards were, well, hungry. The truth was no less bizarre. For later that evening, I was casually watching on television the latest fight of a British boxer who enjoyed the nickname "The Dark Destroyer" when his opponent, a "highly promising" South American, suddenly looked very familiar to me.

You can guess the rest. Within a couple of rounds, our highly prom-

ising contender was moving with all the grace of the doner kebab he had wolfed down a few hours earlier. Moments later, he was eating canvas. His short, sharp manager put a comforting arm around him.

That story always comes back to me when I hear managers, promoters and boxing apologists in general explaining how "well-prepared" their boys are for a bout. How exactly does one prepare for a brain-pummelling? Gerald McClellan was, by all accounts, as ready as you can get, but he still lies inert in a hospital bed.

We must drop the pretence that if only we try hard enough, through better refereeing, better medical support, better matching, we can make boxing "safe". We

cannot and it is not. The naked violence of boxing caters in the most dramatic way for the bloodlust which is so clearly part of our human make-up. There are more stylised forms of entertainment which cater for this need - Arnold Schwarzenegger movies, bullfighting, all physical contact sports - but boxing is the real thing. That is why it is more thrilling and more revolting.

Just a week after McClellan's defeat came the appearance of another great British hope, Naseem Hamed, he of the sleepy eyes, wacky ringwear and devastatingly quick hands. He made short work indeed of his opponent but we all had time to watch a "super slo-mo" replay of a right

uppercut thrown in the first round which visibly crunched the face of his Argentine challenger. While all around were doing their best to be "sensitive" and "respectful" in honour of McClellan, good old super slo-mo gave the game away. What happened to McClellan can happen again in any ring, at any time in any place.

The debate over the ethics of boxing, like those action replays, will keep bobbing up, maybe a couple of times a year, until the end of time itself. It arouses passionate argument because it is truly difficult for us to come to terms with our sadism, our enjoyment of watching blows thumped and blood shed. It was difficult for the ancient Greeks, who leavened their

most brutal tragedies with a cleansing piece of comic relief during their drama festivals: it is difficult for artists of today, who shroud their works with layers of irony and ambiguity in the hope that comic-book delivery can make palatable the most horrific of acts.

The trouble is that in its sanitised form, in films such as *Natural Born Killers*, and in computer games such as *Doom*, the street violence of violence is underplayed to such an extent that only the visceral thrill remains. In western "civilised" life, boxing remains one of the few things capable of reminding us that punches actually hurt; it is a nauseating *alldemois* that we can all be just a donee kebab away from oblivion.

Futures and feathers

A is from the East side of New York. I've known him for nearly 20 years and during that time he's never made a statement that hasn't ended with a question. His words hit you like machine gun bullets.

"So you're asking me how business is?" he says, his neck disappearing into his shoulders, his arms lifting in a gesture of despair. "You really want to know? How do you think business is?"

Al is in the feather business. He roams the world looking for stuffing for quilts, for ski gloves, for jackets. Duck down is his speciality. While I was in Singapore reporting on the Barings business last week, he was there too on his way to Burma, looking for feathers.

Al has been chasing ducks and their feathers so long he walks like one. He came waddling along the tow path by the Singapore river, sweating in his unsuitably dark suit with his trousers riding, New York style, half way up his calves.

"So whadya make of all this business?"

It's the first volley in a barrage of thoughts on the Barings saga. Al is not a man normally given to magnanimity. But he feels that his fellow entrepreneurs are being treated unfairly. He sees a certain affinity between the futures trader and the lonely feather merchant.

"Do you know who those guys in New York blame when things go wrong?" Al places a firm finger on his wet forehead.

"Do you know who gets the credit when I close a big deal? Would you believe that it is not Al, but those guys?" Al points a big thumb over his shoulder in the direction of New York.

"It's the same now isn't it? I mean you have this guy here raking in the cash and everyone back home is sitting on their pinstriped whatnots and saying 'Jolly good show,

When the proverbial hits the fan, everyone's run for cover, haven't they'

what!" (Here, Al gives an appalling impression of what he perceives to be an English upper class accent.)

"Then the proverbial hits the fan and where is everybody? They're all run for cover haven't they?"

Al says that both feathers and futures get a bad press. People don't understand the business. So they think the merchants are up to no good when all they are doing is trying to make a decent living. And that's hard enough, let me tell you.

I remind Al of our first meeting - at the Canton trade fair in China in 1976. Mao had just died. A few business people were being allowed back into China. The western world had gone crazy for anything stuffed with high quality duck down. If you didn't have a duck down jacket or quilt you were not at the races.

The trouble was that duck down was in short supply - except in China, where millions of ducks were wandering through the rice paddies. Al arrived to do the deal of a lifetime.

But things went wrong. The Chinese were selling on a first-come first-served basis. That meant that whichever merchant reached the feather official in the trade complex first could buy up the lot and make a fortune.

Al and his rival feather men stood at the *trade fair* opening ceremony, looked down on by stern portraits of Lenin, Engels, Stalin and Mao. The Internationale was played.

The ribbon was cut and the feather brigade was flying. At first they waddled along. Then they changed to speed walking, finally they broke into an awkward run, looking like frantic farmyard geese.

But Al made a ghastly error. His glasses steamed over from the exertion of it all as he thought he would take a short cut. But he did not see the goldfish pond. His fat little legs walked on water for an instant before he dropped into the brackish pond.

Al thrashed round for a while, uttered a few expletives at the fast disappearing band of feather merchants and then just sat there - a watery, miserable heap. I and a few others fished him out. It is the sort of experience that makes for friend-ship.

"Do I know how this futures trader feels? Do I know? One minute you're the bright-eyed boy and next you're nothing, with everyone laughing or screaming at you? It's the same as back in Canton - you've just got to pick yourself up again, haven't you?" says Al.

Al's verbal guns fall silent for a moment. It is like the lull in a bitterly fought battle. We stare at the murky waters of the Singapore river. Al can be relied on to look on the dark side of life. But between Canton 20 years ago and now he has still managed to sell enough feathers to buy a flat in Manhattan, a home update and send three children to blue chip colleges.

"Do you know what I think?" says Al. "Feathers, futures, it's all the same isn't it? The world does not care if we traders any more, so what do you do? What do you do?"

Kieran Cooke



Tony Andrews

Private View Plotting the errors of English ways

Christian Tyler meets Lord Roll, co-president of S.G. Warburg

At an age when most men are thanking God for each new day of life, Lord Roll is still going into the office.

"I find coming here, still being part of the machine, very conducive to keeping going," he explained.

"Remember what Churchill is supposed to have said, 'When I get up in the morning I pick up the Times and look at the obituary column. And if my name isn't in it, I carry on'."

What Lord Roll does not say is that he is also subject to some peer pressure. His co-president of S.G. Warburg, the 80-year-old Henry Grunfeld, a joint founder of the merchant bank, also goes into the office each day - or did until pre-vented by a recent illness.

Their view from the top floor of Warburg's office near Finsbury Square in the City of London is not too pleasant these days, what with the recent travails of the bank culminating in the removal of chief executive Lord Cairns, and the ignominious collapse of Barings, its blue-blooded rival.

Yet Lord Roll is sanguine, even cheerful. It would be easy to say that at the age of 87 he has little choice. But his kind of equanimity runs deeper. It is part of a temperament which prompted J.K. Galbraith, the eminent American economist, to declare that Eric Roll was the most accomplished negotiator in public affairs of the last 50 years, ahead of Jean Monnet, Henry Kissinger and Andrei Gromyko.

Lord Roll has written a book, judiciously titled *Where Did We Go Wrong?*, in which he reflects on the causes of Britain's relative post-war decline. I say judiciously because although he identifies a number of economic policy errors since the second world war, he hedges his bets as to the underlying reason for those mistakes.

The English - and not only the English - love to be told how their country is going to the dogs. So they will be disappointed to find that even an outsider like Eric Roll (he was born in Novoselitsa, near Czernowitz, a region of the Austro-Hungarian empire which is now part of the Ukraine) can be as cagey as any other mandarin.

Following a red-brick introduction to English life, Lord Roll quickly rose to the highest ranks of that courteous club, the Establishment, via three glittering careers, as academic economist, diplomat and merchant banker.

He was professor of economics at Hull at the age of 27 and wrote his classic *A History of Economic Thought*, at 28 (the first draft was finished in six weeks). He worked in

the Ministry of Food and at the Treasury, represented Britain in Washington, at Nato, in negotiations for the Marshall Plan, for EEC membership, at the International Monetary Fund and World Bank, and was George Brown's permanent secretary at the ill-fated Department of Economic Affairs, before sidestepping into Warburgs (he had three merchant bank offers to choose from) with a directorship of *Times* Newspapers, among other things, in his train.

What were Britain's errors? Among them, he says, was rejoining the gold standard in 1925, overestimating Britain's economic strength after the second world war, deciding not to devalue in the early

Post-war politicians began with *folie de grandeur* then relapsed into hesitancy and ambivalence

1950s, the perennial ducking of European Community membership and, most recently, the exchange rate mechanism debacle.

Lord Roll dismisses one popular explanation for the UK's decline - that the best banks have consistently deserted the manufacturing industry in order to play the country gentleman amid "the extravagance of Ascot".

The family of his wife, Freda Taylor, had built up a boilerworks in West Yorkshire, he said, and such people did not lose their appetite for business just by donning top hats.

"For example, I see no evidence that the yuppie generation, who made a tremendous amount of money in no time at all and have spent it on having two Legendas - or whatever they go in for - a house in Gloucestershire and a villa on the Riviera, have become less concerned with making money than they were before. On the contrary, I find they are greedier than ever, if you want to put it that way."

Should we then blame the old-fashioned gentrified generalists, the mandarins who advised successive post-war governments?

On the contrary, said Lord Roll. "I was never aware of high officials trimming their advice so as to particularly please their minister or for ideological reasons."

The danger, he said, was a pres-

ent one: that the civil service was losing the independence conferred on it by the Northcote-Trevelyan reforms of the mid-19th century and was turning into a cabal of "courtiers" and "whisperers".

He said: "As the economic debate becomes more acerbic and more politicised, it is more difficult for the adviser not to succumb. This is something I wanted to warn against in my book."

Lord Roll's answer to his own question appears to be that Britain's post-war politicians began with *folie de grandeur* then relapsed into hesitancy and ambivalence. I asked him why that was.

"I wish I knew. I can ask more questions than I can answer, I can assure you," he said.

You must have some feel for the answer.

"I think it was Keynes who said that it's not so difficult to have new ideas. It's much more difficult to get rid of the old ones. Maybe that is the case here. It depends on the emergence of people with courage, the imagination to grasp the moment - and that you can't command."

Mayba we haven't had any moments since the war.

"Well this is maybe it. We've been sort of sliding along from one thing to another without any real turning point, haven't we?"

There is one obvious objection to this argument: Margaret Thatcher.

But Lord Roll will not allow that her social revolution went very deep. And because he is deep down a consensus man, he thinks that some of her institutional reforms - crushing the trade unions, for instance - went too far.

"The miners were beaten. But we have lost the valid interlocutor," as the French say. What is going to happen about the nurses? The state is still a very large employer and cannot in my view do without a valid interlocutor at the other side of the table."

"I think a bit of both. It's not so much that economics has failed us, but after all these years I have come to the conclusion that one mustn't expect too much of economics."

I pointed out that he was himself at the centre of public affairs for most of the period he describes. In the book, are you not pointing the finger partly at yourself?

"Well, that's a perfectly fair remark," he replied. "If I and all the others are to take the blame alongside the politicians, he said.

"But I don't believe the official machine as such can take very much of the blame, except to the extent that it is slow-moving, inherently apt to discount new ideas and to cling to old ones, and therefore requiring from its ministerial masters a certain energetic direction."

Britain had thrown away the chance to take the lead in Europe after the war, when its power was greater than perhaps was justified. It was "an enormous opportunity foregone" whose consequences were still dogging the prime minister.

Are you saying we haven't had a statesman since the war?

"Well that's a big thing to say,

but I'm terribly tempted to say it,

able. What I've written about Britain could easily be written about many other countries."

Has economics failed us, or economists?

I pointed out that he was himself at the centre of public affairs for most of the period he describes. In the book, are you not pointing the finger partly at yourself?

"I think it's a very broad judgment and a little unfair."

And the one who had courage and determination was herself totally ambivalent about the European Union?

"That is true. I think she was misguided."

Was Thatcher also living in the past, the glory days of empire?

"That's right. Absolutely."

Lord Roll finds himself writing a few obituaries these days. "Alas, the opportunities are increasing."

He said he was not much concerned what goes into his death notice. ("I don't think about the sands of time and that sort of thing," he said.) But he had ventured to ask the new obituaries' editor of *The Times* whether they had one of him in their morgue. "Oh, yes," was the reply. "A very good one. I think you'd like it."

Some of your reviewers have complained that you never say anything critical of either the living or the dead, I said.

"It may be a sign of weakness, this blandness, or of good nature. I like to think it is because I am very conscious of my own deficiencies."

"Faber, £12.99 or \$19.95."

What distinguishes the paper, however, is that it is prepared to attack the disaster industry head-on. It takes the view that the world is quite bad enough without encouraging the proliferation of individuals, associations, charities, pressure groups and television producers to tell us it is even worse than we think.

The Swiss are different again. There may be those who think Swiss Germans are sort of Germans. The *Neue Zürcher Zeitung* again proves them wrong.

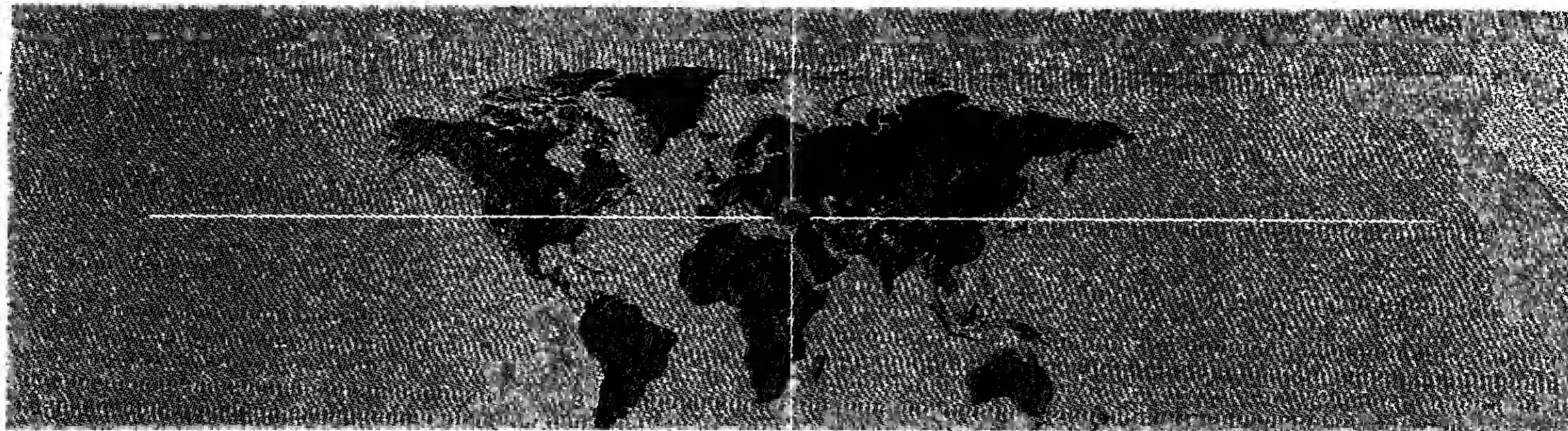
Although it is as addicted to telling people how they should behave as any German paper, it does this on the basis of hard fact.

And hard facts appear to prove the *Social Development Summit* is a waste of time. At least that is the inference one drew from the masterly opening words of its commen-

tary on the event. "Whoever cares about the welfare of mankind and as a result, examines the scale of political, social and economic development of the past 50 years,

So it was that the *NZZ* put the key phrase of the conference - "social and moral crisis" - in inverted commas. Only then did it admit that certain problems remained. These, of course, were spelled out in detail. (It would be nice to see the day when the *NZZ* fails to spell something out in detail.)

Turkey is not the center of the world ...It's just located there.



One look at the map confirms an historical truth: Turkey occupies a crucial place at the junction of Europe and Asia. At the hub of the Mediterranean and the Black Sea. Now, as in the past, Turkey is right at the center of the world's greatest trade routes.

But Turkey has more than geographical access to offer. A nation of plenty, Turkey is home to industry and agriculture, commerce and services. The skilled workforce is highly entrepreneurial in spirit. The ethnically and culturally diverse population of 61 million is young and open to change. Sophisticated telecommunications networks ensure instantaneous connections with the rest of the world. New motorways traverse the country and air links to 84 domestic and international destinations make travelling a snap.

Many of the best known corporate names in the world discovered Turkey's long-term advantages years ago. As a technically-sound partner capable of producing top quality goods and services. As a profitable market of considerable potential. As a center for regional expansion. And as a modern and rewarding place to do business.

So if you are keen to expand your international business, isn't it time you found out what so many already know: Turkey is the key place to be.

TURKEY
THE KEY

ADVERTISEMENT

ITALIAN PACKAGING MACHINERY INDUSTRY

The Italian packaging machinery industry: a world leader with growing shares in the market, thanks to its traditional success in satisfying market demands, while providing personalised solutions

THE REASONS OF A LEADERSHIP

Italian packaging machines are in use in over 150 countries, mostly in European markets, the U.S. and Japan, as well as in the newly industrialised countries of Asia. Also of special importance is the use of Italian machines in countries striving to improve their living standards, from the CIS to the other nations of East and Central Europe, as well as China, Latin America and the more developed industrial regions of Africa. Today one out of four packaging machines on the international market is made in Italy.

A successful tradition. The reasons for this success can be traced within its historical and geographical roots. The first businesses were formed in Bologna at the beginning of the 19th century. As true pioneers, the first industries were well ahead of their time in identifying two fundamental demands of the market: the strategic importance of packaging in the market of products of large consumption; and the need to adapt packaging machines to fit the particular requirements of each customer.

Customisation. On the basis of this tradition, the Italian-packaging machinery firms offer a complete range of products on the world market. The systems and the machines they plan are tailor-made to fit specific customer needs, using innovative technology and new materials at every level of the production process. Furthermore, the highest levels of service are guaranteed by a continuous and stable contact between producers and customers.

They work on two fronts. On one side they develop an increasing number of complete and automated lines. On the other side they create user-friendly machinery which requires less maintenance and can be integrated into the users already-existing production and inspection systems. According to a survey carried out by the Harvard Business School, Italian packaging machinery is an "happy combination of artistry and technology".

strong and represents a continuous stimulation for the improvement and innovation in products and services, customer orientation, flexibility and good quality-price ratio. This is the basis for the competitiveness of the sector on the worldwide market. Such a simple and, at the same time, sophisticated structure quickly became a strong success factor when Italian entrepreneurs began to cross over the frontiers.

Export has become so important that Italian packaging machinery industry is going to achieve a position of leadership on worldwide market.

ITALIAN PACKAGING MACHINERY: NON STOP GROWTH.

"We can look at the future very optimistically", said Mr. Giancarlo De Martis, president of UCIMA (the association representing Italian packaging machinery manufacturers).

In 1993 over 300 companies producing packaging machinery in Italy registered a growth in export of 35% compared to the previous year, and the impact of sales on turnover increased from 69.3% to 81%.

"While other countries such as Germany, France and Switzerland reported a decrease in terms of turnover - said Mr. De Martis - the Italian packaging machinery industry seems to be launched towards a continuous growth. With no doubt the readjustment of Lira has been helpful, but the most important role in such a success has certainly been played by the pursuit of a policy of high technology and customer satisfaction".

An in-depth look. Export in 1993 represented 81.9% of the total production of Italian packaging machinery and in the same year balance of trade registered over 1.3 billion dollars (about 70.7% of the total turnover).

Obviously the EC is the primary market for Italian packaging machinery export with a share of 39.2% and with a growth rate in 1993 of 20.4% compared to 1992.

The German market remains the most important (+13.1%), followed by the U.S., France, UK, and Spain.

Export also increased in the Eastern European market (particularly in Poland and CIS) in Latin America (particularly Mexico, Argentina, Chile and Brazil), China and South East Asia.

A "memorable overtaking" of the competitors was then achieved in Japan where Italian machineries represent 35% of the total of foreign machineries sold there.

A strategic development. The strong position of the Italian packaging machinery industry is now going to be consolidated with an outreach visibility plan that UCIMA (the association representing Italian packaging machinery manufacturers) is implementing.

The core of this plan is the creation of the Italian Packaging Points in Hong Kong and Mexico City (and so, at the gateways to the most strategic markets: the Far East and Latin America).

These "IPPs" will support all the initiatives of Italian packaging industry (i.e. the "Italian Packaging and Process Machinery Exhibition" that will be held in Beijing in March 1995), and, most of all, will manage all the communication to the Far East and Central-Southern America.

"The Far East and Latin America, - declared Mr. De Martis - thanks to the development they achieved in the last years will be the big "chances" for Italian packaging machinery industry".

The Italian manufacturers of packaging machinery have already achieved good results, much more valuable considering the fact that, in many cases, there was no advantage coming from the devaluation of the Lira.

"So, - declared Mr. De Martis, the consolidation of the Italian packaging machinery industry in these "relatively" emerging markets, represents the last frontier to worldwide leadership".

Trade balance with major partners (value in million U.S. dollars)

Italian Export to:	%	Balance '93
Germany	172	10.30%
U.S.A.	160	9.59%
France	153	9.17%
United Kingdom	127	7.61%
Spain	72	4.31%
Japan	65	3.89%
Switzerland	50	3.00%
Netherlands	23	1.38%
Austria	18	1.06%
Sweden	14	0.84%
Other countries	615	48.83%
Total	1669	100.00%
		1449

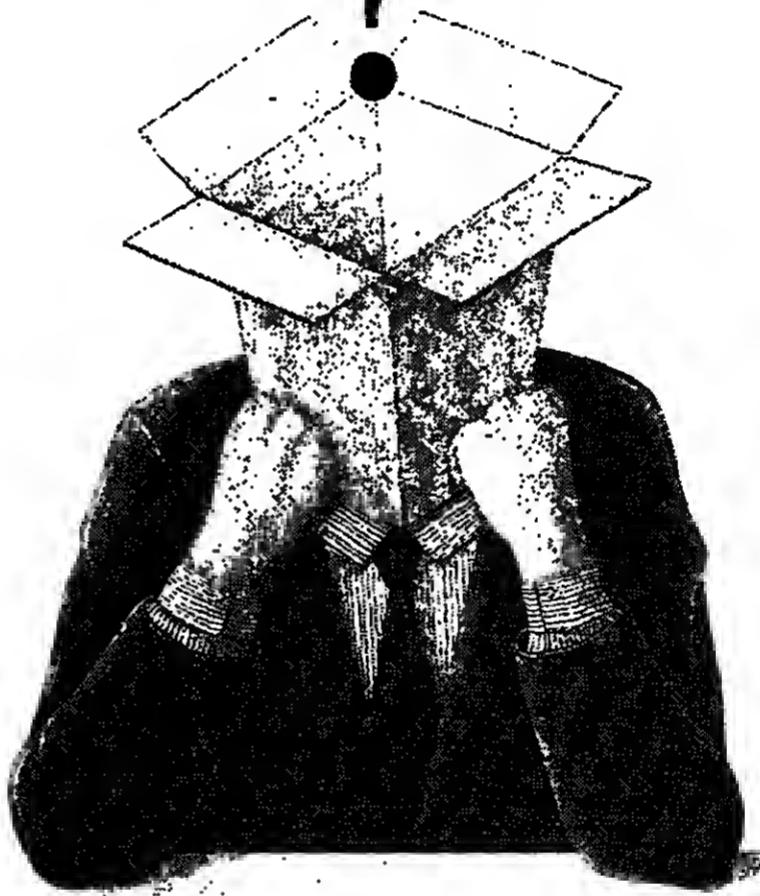
Source: Ucima-The Italian Packaging Machinery Manufacturers' Association - Economic Studies Bureau

The trend of the Italian industry of packaging machinery (value in million U.S. dollars)

	1992	1993	△ % 93/92
Turnover	1,621	1,824	+ 12.5
Export	1,123	1,494	+ 33.0
Deliveries on the Internal market	498	330	- 33.6
Import	178	203	+ 14.3
Domestic consumption	676	534	- 21.0
Trade balance	945	1,290	+ 36.5
Import / Domestic consumption	26.3	38.1	
Export / Turnover	69.3	61.9	

Source: UCIMA-The Italian Packaging Machinery Manufacturers' Association - Economic Studies Bureau

Visit the Italian Packaging and Process Machinery Exhibition at the China International Exhibition Centre Beijing, 14-18 March 1995

PACKAGING PROBLEMS**CALL ITALY FIRST**

Whenever packaging becomes a problem, calling Italian industries and experts becomes a must! Italian manufacturers are indeed at the top in terms of technology, quality, efficiency and ability to offer a personalized solution. One fourth of packaging machinery in the world is Italian made because its industry stands out internationally for its ability to meet the specialized need of manufacturers all over the world. The highest technologies and the ingenuity of craftsmanship make Italian industries the ideal partners in finding the best packaging solutions. Yes, the world over!

Ask for free catalogue containing all details of Italian machinery producers to the following addresses:

UCIMA

The Italian Packaging Machinery Manufacturers' Association
Central Office
Corso Sempione, 4
20145 Milano
Tel. (+39/2) 33611557
Fax (+39/2) 3450647

ITALIAN PACKAGING POINTS

Latin American Office
Mexico City
c/o GCI Alonso y Asociados
Lancaster 17 - Col Juarez - Mexico D.F. 06600
Tel. (+525) 5251640/44-5111394
Fax (+525) 2088476-5140955

Far East Office
Hong Kong
c/o GCI Hong Kong
33 rd Floor - Manulife Tower - 169, Electric Road
North Point, Hong Kong
Tel. (+852) 51068888
Fax (+852) 5107541



UCIMA - THE ITALIAN PACKAGING MACHINERY MANUFACTURERS' ASSOCIATION

DP 11/1995

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4376 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (as RECOGNISED)

IRELAND (REGULATED) (TM)

ISLE OF MAN (SIR RECOGNISED)

NEW JERSEY (REGULATED) ("")

LUXEMBOURG (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE INSURANCES

	Seller Price	Buyer Price	Diff.
AXA Entity & Law Indl Life Assurance Co			
Victory Ins., Protected Hill, Douglas, 10M	\$150,000		
One-Balanced Fund—Deferred	45.5		+0.5
One-Balanced Fund—Deductible	40.000		+0.0
One-Balanced Fund—Paid Premium	40.000		+0.0

International Fund - Net Assets	\$1,425
European Equity	113.2
Far Eastern Equity	517.43
North American Equity	161.192
UK Equity	126.2
UK SGD & Fixed Inc.	100.6
Other Deposits	50.703
Standing Deposits	10.0
Other Assets	73.8

Weekend Investor

Wall Street

The Dow shows its resilience

Maggie Urry looks at how the stock market has reacted to the fall in the dollar

Wall Street is showing a remarkable resilience to the slide of the dollar. Although stocks were weaker on Tuesday, when the dollar's fall was at its worst, by Thursday the Dow Jones industrial average was more or less back to where it started the week. On Friday, when the dollar reversed part of its fall, the index broke through 4,000 once more.

Even the bond market, which takes the currency more seriously than the stock market, has taken relatively little notice of the dollar's fall. The yield on the long bond has risen a bit, but is still around the 7.5 per cent level, almost the low point in recent months.

So, if the market is not going down, perhaps the decline of the currency does not matter too much to Americans. John Lipsky, economist at Salomon Brothers, believes there would have been a crisis only if the Federal Reserve had raised interest rates - and the currency still went on falling.

That could still happen. As Alan Greenspan, chairman of the Fed, said when he was talking to the House Budget Committee on Wednesday, the dollar's fall is "unwelcome and troublesome".

That might suggest a continuing fall of the currency could bring about a change of policy.

Although the Fed is usually loathe to increase interest rates in defence of the currency, the dollar's fall does, as Greenspan explained, add "to potential inflation pressures in our economy".

It is "symptomatic of some of the underlying problems confronting the longer-term health of the economy: inadequate national savings, continuing large budget deficits and a persistent current account imbalance," he added. The savings ratio has become a source of concern to investors.

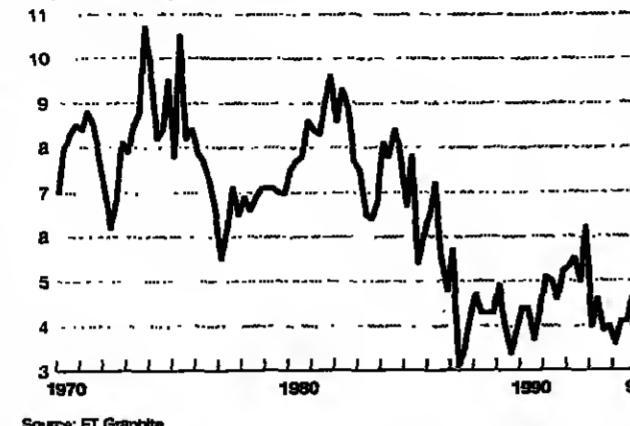
In spite of the stereotypical view of US citizens as heavy savers, through their individual retirement accounts and in the vast mutual funds, the truth is that the savings ratio is low. Many Americans rely on state pensions and the tax system, to some extent, to save.

Pension funds represent a far smaller proportion of gdp than they do in countries like the UK.

As the chart shows, the rate has fallen sharply over the

When Americans saved...

US personal savings ratio, %



years, particularly in the 1980s when savers became consumers and borrowed heavily to finance their spending spree. Consumer debt as a percentage of disposable personal income rose sharply in the latter half of the 1980s and into the 1990s, from 65 to over 90 per cent.

If Americans are not saving, and the country persists in running a current account deficit, savings will have to be attracted from abroad.

Ideally foreign investors would like to see the US economy growing at a faster rate than alternative investments if they are to place their money in the US markets. But now the US economy is slowing, so perhaps higher interest rates or the possibility of a currency gain will be needed to attract funds.

In the end though, as Greenspan says, the solution is to increase domestic saving - and that will take some changes in government policy, perhaps through tax measures. Even if Americans begin to increase their savings again it will take some time for the money to accumulate.

Meanwhile, the market may also be held up by investors who are unwilling to take capital gains - and with the market at its all-time high many have big gains - until there is definite news on the expected changes to capital gains tax.

As well as its resilience to the dollar's fall, the stock market seemed to shrug off a February unemployment figure, published yesterday, which was significantly lower at 5.4 per cent, down from 5.7 per cent in January, than economists had been predicting. The

Dow Jones Ind average

Monday	3,997.56	+7.95
Tuesday	3,982.63	-34.93
Wednesday	3,978.23	+16.60
Thursday	3,983.39	+4.16
Friday		

As the chart shows, the rate has fallen sharply over the

Barry Riley

Devaluation with forked tongue

When words outnumber deeds, currencies weaken by default

You can call them white lies, if you are kind. They are what politicians say about currency exchange rates. "There will be no devaluation" was a regular Downing Street cry in the late summer of 1982. This year, Alan Greenspan of the US Federal Reserve claimed that devaluation of the dollar, which has fallen by 9 per cent against the D-Mark this year, was "unwelcome and troublesome". But the cynical markets believe in deeds, not words; and of deeds there is no sign.

Thus the latest bout of trouble began two weeks ago when Greenspan complacently told Congress that the US economy was slowing and interest rates were near their peak. Given that the US economy is grossly unbalanced and dollars are flooding out into the global economy at a dangerous rate, this was interpreted as implying that further depreciation of the dollar would not be resisted.

Unpleasant medicine would not be prescribed.

After all, there is a lack of symmetry in official exchange rate pronouncements which market men have to adjust for. Finance ministers rarely call for their currencies to be marked down - although in a few cases at present, they are doing just that. "The D-Mark is in some aspects a bit overvalued," is the latest hot tip from the Bundesbank boss Hans Tietmeyer.

But such candour is unusual. Devaluation is usually signalled by default. A

strong currency would be nice, but other objectives - low interest rates, economic expansion, a good climate for the re-election of the president - are more important. And the dollar has been recklessly imperilled by a hugely expensive bail-out of Mexico. Indeed, the US has been getting financially and politically closer to Latin America as a whole, and viewed from Europe and Asia there seems to be a clear risk of Latinisation. Now that the US is a growing net debtor it has a vested interest in dollar depreciation.

Of course, Americans have long regarded the dollar exchange rate as being a problem for other people, not themselves. A weak dollar feels only very slowly into higher US inflation, because imports represent only 14 per cent of GDP, and many are priced in even weaker currencies. Therefore, very large swings in the exchange rate against currencies such as the D-Mark can be tolerated.

The political pressures on the US authorities to respond are slight, which is another way of saying that only a truly enormous dollar crisis will trigger a policy reaction. London's Evening Standard tried this week to suggest there was "pandemonium" in the foreign exchange market, but in fact the realignments have been fairly orderly.

Certainly there has been no policy response so far.

And by most counts the dollar is currently very cheap. On the basis of purchasing

power parity it is only about half what it should be against the Japanese yen. Yet the US continues to run an enormous trade deficit of more than \$150bn (£90bn) annually. It is not going to eliminate this gap in the foreseeable future simply by devaluing the dollar, when the US economy is operating close to full capacity. Domestic demand must be sharply reduced for devaluation to work. There have to be structural changes in how the economy is run, involving much higher

inflation. And its financial institutions are terrified to recycle the flows overseas for fear of exchange losses. An unreconstructed financial system is pretending that the false asset values of the late 1980s will somehow be restored. The Japanese government, meantime, is terrified that the speculative bubble will be recreated if it embarks upon the kind of monetary loosening which might reverse the yen's appreciation.

In Europe, the problem is no longer balance of payments distortions, but debt. Western European governments have been piling up debt at the rate of \$250bn a year and there is now a flight to safety. French short-term interest rates jumped to 9 per cent but the problems are public spending, where old habits die hard: another \$20bn is to be committed to the banking black hole at Credit Lyonnais.

The Germans are borrowing too much as well, but at least they have got their financing back under control. When bond yields tumbled in 1993, domestic buyers stopped buying and German monetary growth drifted temporarily out of control. But with bond yields up again during 1994, the Bundesbank regained its grip, so that the German broad money supply has actually been falling during the past few months.

For the weaker currencies in Europe, however, the remaining fig leaves of the exchange rate mechanism have been shrivelling. The advance towards a single

domestic savings and a reversal of the tendency of the country to accumulate external debt.

Once again the Americans are demonstrating their unwillingness to manage the dollar in a way that will provide a reliable store of value. Internal holders of the US currency are therefore engaged in a periodic urge to diversify risk - into D-Marks, yen and Swiss francs, but not yet into gold.

While the Americans are locked in one distorted posture the Japanese are frozen in another. Japan is sucking in money through a persistent trade surplus of

London

Regulator's arrow hits power shares

Philip Coggan on shocks in the electricity sector

Feared by the bad, loved by the good. Robin Hood was reincarnated this week in the person of Professor Stephen Littlechild, the regulator who takes from the regional electricity companies and gives to the hard-pressed consumer.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National Power, the good Prof must seem more like the Sheriff of Nottingham.

The regulator's announcement on Tuesday that he was considering further tightening of price controls on the industry from April 1 1996 caused havoc. Shares in the electricity sector fell 11.3 per cent on Tuesday alone, with almost all the regional stocks falling by 2 per cent and more.

But if you are a shareholder in the electricity companies, or if you just bought shares in the second tranche of Powergen and National